



**SONA COMSTAR**

## SONA BLW PRECISION FORGINGS LIMITED

Our Company was originally incorporated as "Sona Okegawa Precision Forgings Limited" at New Delhi as a public limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated October 27, 1995, issued by the Registrar of Companies, NCT of Delhi and Haryana at New Delhi ("RoC") and commenced operations pursuant to the certificate of commencement of business dated November 16, 1995 issued by the RoC. The name of our Company was changed to "Sona BLW Precision Forgings Limited" as approved by our Shareholders by way of a resolution dated June 28, 2013 and a fresh certificate of incorporation dated July 23, 2013, consequent upon change of name was issued by the RoC. For details in relation to the change in our Registered and Corporate Office of our Company, see "History and Certain Corporate Matters" beginning on page 200.

**Registered and Corporate Office:** Sona Enclave, Village Begumpur Khatola, Sector 35, Gurugram, Haryana – 122004, India  
**Telephone:** +91 0124 476 8200; **Contact Person:** Ajay Pratap Singh, Vice President (Legal), Company Secretary and Compliance Officer  
**E-mail:** investor@sonacomstar.com; **Website:** www.sonacomstar.com  
**Corporate Identity Number:** U27300HR1995PLC083037

**PROMOTERS OF OUR COMPANY: SUNJAY KAPUR, SONA AUTOCOMP HOLDING PRIVATE LIMITED AND SINGAPORE VII TOPCO III PTE. LTD.**  
**INITIAL PUBLIC OFFER OF UP TO 10% EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF SONA BLW PRECISION FORGINGS LIMITED ("COMPANY") FOR CASH AT A PRICE OF ₹ 10 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ 10 PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ 55.500 MILLION COMPRISING A FRESH ISSUANCE OF UP TO 10% EQUITY SHARES AGGREGATING UP TO ₹ 3,000 MILLION BY OUR COMPANY ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 10% EQUITY SHARES AGGREGATING UP TO ₹ 52.500 MILLION BY SINGAPORE VII TOPCO III PTE. LTD. ("SELLING SHAREHOLDER") AND SUCH EQUITY SHARES OFFERED BY THE SELLING SHAREHOLDER, THE "OFFERED SHARES") (SUCH OFFER BY THE SELLING SHAREHOLDER, THE "OFFER FOR SALE" AND TOGETHER WITH THE FRESH ISSUE, THE "OFFER"). THE OFFER SHALL CONSTITUTE 10% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.**  
**THE FACE VALUE OF EQUITY SHARES IS ₹ 10 EACH. THE OFFER PRICE IS 10 TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDER, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND WILL BE ADVERTISED IN ALL EDITIONS OF FINANCIAL EXPRESS AND ALL EDITIONS OF JANSATTA (WHICH ARE WIDELY CIRCULATED ENGLISH DAILY NEWSPAPERS AND HINDI DAILY NEWSPAPERS, HINDI ALSO BEING THE REGIONAL LANGUAGE OF HARYANA, WHERE OUR REGISTERED AND CORPORATE OFFICE IS LOCATED), AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE"), AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES.**

In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days following such revision of the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers, may for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the Book Running Lead Managers and at the terminals of the Syndicate Members and by intimation to Self-Certified Syndicate Banks ("SCSBs"), other Designated Intermediaries and the Sponsor Bank, as applicable.

This Offer is being made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR") read with Regulation 31 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations"). This Offer is being made in accordance with Regulation 6(2) of the SEBI ICDR Regulations and through a Book Building Process wherein not less than 75% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs", and such portion, the "QIB Portion"). Our Company and the Selling Shareholder may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations ("Anchor Investor Portion"), out of which one-third shall be available for allocation to domestic Mutual Funds only, subject to valid Bids being received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price. Further, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders other than Anchor Investors, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not more than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 10% of the Offer shall be available for allocation to Retail Individual Bidder(s) in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All potential Bidders, other than Anchor Investors, are required to mandatorily utilise the Application Supported by Blocked Amount ("ASBA") process by providing details of their respective bank account (including UPI ID (defined hereinafter) in case of Retail Individual Bidder(s)) in which the corresponding Bid Amounts will be blocked by the SCSBs, to participate in the Offer. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process. For details, see "Offer Procedure" beginning on page 428.

### RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of Equity Shares of our Company, there has been no formal market for the Equity Shares. The face value of each Equity Share is ₹ 10. The Floor Price, Cap Price and Offer Price (determined and justified by our Company and the Selling Shareholder in consultation with the Book Running Lead Managers, in accordance with the SEBI ICDR Regulations, and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process as stated in "Basis for Offer Price" beginning on page 95) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

### GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and Bidders should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. Bidders are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, Bidders must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have neither been recommended, nor approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Red Herring Prospectus. Specific attention of the Bidders is invited to "Risk Factors" beginning on page 26.

### COMPANY'S AND SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, the Selling Shareholder, accepts responsibility for and confirms only statements expressly made by it in this Red Herring Prospectus solely in relation to itself and the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect. The Selling Shareholder assumes no responsibility for any other statements, including, *inter alia*, any of the statements made by or relating to our Company or in relation to our business in this Red Herring Prospectus.

### LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed the Stock Exchanges. Our Company has received 'in-principle' approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated March 10, 2021 and March 24, 2021, respectively. For the purposes of the Offer, the Designated Stock Exchange shall be BSE. A copy of this Red Herring Prospectus and the Prospectus shall be delivered to the RoC for filing in accordance under Section 26(4) and Section 32 of the Companies Act. For details of the material contracts and documents available for inspection from the date of this Red Herring Prospectus up to the Bid/Offer Closing Date, see "Material Contracts and Documents for Inspection" beginning on page 453.

### BOOK RUNNING LEAD MANAGERS

### REGISTRAR TO THE OFFER

<b>Kotak Mahindra Capital Company Limited</b> 1 <sup>st</sup> Floor, 27 BKC Plot No. 27, 'G' Block Bandra Kurla Complex Bandra (E) Mumbai, Maharashtra – 400051, India Tel: +91 22 4336 0000 E-mail: sonacomstar ipo@kotak.com Website: www.investmentbank.kotak.com Investor Grievance E-mail: kmccredressal@kotak.com Contact Person: Ganesh Rane SEBI Registration No.: INM000008704	<b>Credit Suisse Securities (India) Private Limited</b> Ceejay House, 9 <sup>th</sup> Floor, Plot F, Shivsagar Estate Dr. Annie Besant Road Worli, Mumbai Maharashtra – 400018, India Tel: +91 22 6777 3885 E-mail: list.sonaipo@credit-suisse.com Investor Grievance E-mail: list.icellmer-bnkg@credit-suisse.com Website: www.credit-suisse.com/in/en/investment-banking-apac/investment-banking-in-india/ipo.html Contact Person: Abhishek Joshi SEBI Registration No.: INM000011161	<b>JM Financial Limited</b> 7 <sup>th</sup> Floor, Energy Appasaheb Marathe Marg Prabhadevi, Mumbai, Maharashtra – 400025, India Tel: +91 22 6630 3030 E-mail: sonacomstar.ipo@jmf.com Investor Grievance E-mail: grievance.idb@jmf.com Website: www.jmf.com Contact Person: Prachee Dhuri SEBI Registration No.: INM000010361	<b>J.P. Morgan India Private Limited</b> J.P. Morgan Tower Off. C.S.T. Road Kalina, Santacruz (East) Mumbai – 400 098 Maharashtra, India Tel: +91 22 6157 3000 E-mail: SONACOMSTAR_IPO@jpmorgan.com Investor Grievance E-mail: investorsmb.jpmipl@jpmorgan.com Website: www.jpmipl.com Contact Person: Saarthak K Soni SEBI Registration No.: INM000002970	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F, Shivsagar Estate, Dr. Annie Besant Road, Worli Mumbai – 400 018 Maharashtra, India Tel: +91 22 4037 4037 E-mail: sonacomstaripo@nomura.com Investor Grievance E-mail: investorgrivances-in@nomura.com Website: www.nomuraholdings.com/company/group/asia/india/index.html Contact Person: Vishal Kanjani / Priithvi Ghag SEBI Registration No.: INM000011419	<b>KFin Technologies Private Limited</b> (formerly known as Karvy Fintech Private Limited) Selenium Tower-B, Plot 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad, Telangana – 500032, India Tel: +91 40 6716 2222 E-mail: sonacomstar.ipo@kfintech.com Investor Grievance E-mail: einward.ris@kfintech.com Website: www.kfintech.com Contact Person: M Murali Krishna SEBI Registration No.: INR000000221

### BID/OFFER PROGRAMME

<b>BID/OFFER OPENS ON</b>	<b>Monday, June 14, 2021</b>
<b>BID/OFFER CLOSING ON</b>	<b>Wednesday, June 16, 2021</b>

\* Our Company and the Selling Shareholder shall, in consultation with the Book Running Lead Managers, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date.

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## SECTION I: GENERAL

### DEFINITIONS AND ABBREVIATIONS

*This Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided below. References to any legislations, acts, regulations, rules, guidelines, circulars, notifications, clarifications or policies shall be to such legislations, acts, regulations, rules, guidelines or policies as amended, updated, supplemented, re-enacted or modified, from time to time, and any reference to a statutory provision shall include any subordinate legislation made, from time to time, under such provision.*

*The words and expressions used in this Red Herring Prospectus, but not defined herein shall have the meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, and the Depositories Act and the rules and regulations made thereunder.*

*The terms not defined herein but used in “Statement of Special Tax Benefits”, “Industry Overview”, “Key Regulations and Policies in India”, “Restated Consolidated Financial Information”, “Pro Forma Consolidated Financial Information”, “Outstanding Litigation and Material Developments”, “Main Provisions of Articles of Association” and “Offer Procedure” beginning on pages 98, 108, 196, 239, 318, 399, 445 and 428, respectively, shall have the meanings ascribed to such terms in these respective sections.*

#### General Terms

Term	Description
“our Company” or “the Issuer” or “the Company”	Sona BLW Precision Forgings Limited, a public limited company incorporated under the Companies Act, 1956 and having its Registered and Corporate Office at Sona Enclave, Village Begumpur Khatola, Sector 35, Gurugram, Haryana – 122 004, India.
“we” or “us” or “our”	Unless the context otherwise indicates or implies, our Company together with its Subsidiaries, on a consolidated basis

#### Company Related Terms

Term	Description
“Articles of Association” or “AoA” or “Articles”	Articles of association of our Company, as amended from time to time
Audit Committee	Audit committee of our Board, as described in “ <i>Our Management - Committees of the Board</i> ” beginning on page 221
“Board” or “Board of Directors”	Board of Directors of our Company or a duly constituted committee thereof
Chairman	Chairman and Non-Executive Director of our Board, namely, Sunjay Kapur
“Chief Financial Officer” or “CFO”	Group chief financial officer of our Company, namely, Rohit Nanda
Committee(s)	Duly constituted committee(s) of our Board of Directors
Comstar Automotive	Comstar Automotive Technologies Private Limited
Comstar Automotive HK	Comstar Automotive Hong Kong Limited
Comstar Entities	Comstar Automotive and Comstar Automotive HK
Corporate Promoters	Sona Autocomp and the Singapore Topco
“Corporate Social Responsibility Committee” or “CSR Committee”	Corporate social responsibility committee of our Board, as described in “ <i>Our Management - Committees of the Board</i> ” beginning on page 221
Director(s)	Director(s) on the Board of our Company
Equity Shares	Unless otherwise stated, equity shares of our Company bearing face value of ₹ 10 each
“ESOP 2020” or “Employee Stock Option Plan 2020”	Sona BLW Precision Forgings Limited – Employee Stock Option Scheme 2020, as amended
Executive Director(s)	Executive director(s) of our Company. For details of the Executive Directors, see “ <i>Our Management</i> ” beginning on page 213
Foreign Subsidiaries	The foreign subsidiaries of our Company, namely: <ol style="list-style-type: none"> <li>1. Comstar Automotive Hong Kong Ltd.;</li> <li>2. Comstar Automotive USA LLC;</li> <li>3. Comstar Automotive (Hangzhou) Co. Ltd.;</li> <li>4. Comstar Hong Kong Mexico No1 LLC;</li> <li>5. Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V.;</li> <li>6. Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V.; and</li> <li>7. Comestel Automotive Technologies Mexicana</li> </ol>
Group Companies	Companies as identified in “ <i>Our Group Companies</i> ” beginning on page 235
“Gurugram Unit I” or “Gurugram Unit II” or “Gurugram Unit III”	Our manufacturing facility located at Sona Enclave, Village Begumpur Khatola sector 35, P.O. – 90, Gurugram, Haryana – 122 004, India
Independent Director(s)	Independent director(s) on our Board. For details of the Independent Directors, see “ <i>Our Management</i> ” beginning on page 213

Term	Description
IPO Committee	The IPO committee of our Board
Indian Subsidiaries	The Indian subsidiaries of our Company, namely: <ol style="list-style-type: none"> <li>1. Comstar Automotive;</li> <li>2. Comstar Automotive Technology Services Private Limited; and</li> <li>3. Sona Comstar eDrive Private Limited</li> </ol>
Key Managerial Personnel	Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act, as described in “ <i>Our Management - Key Managerial Personnel</i> ” beginning on page 228
JM Financial Trustee	JM Financial Trustee Company Private Limited
Managing Director and Group Chief Executive Officer	Managing Director and Group Chief Executive Officer of our Company, namely, Vivek Vikram Singh
Manesar Unit	Our manufacturing facility located at plot no. – 13, sector 2, IMT Manesar, Gurugram, Haryana – 122 051, India
Material Foreign Subsidiary	Comstar Automotive USA LLC
Materiality Policy	The policy adopted by our Board on February 12, 2021, for identification of Group Companies, material outstanding litigation and outstanding dues to material creditors, in accordance with the disclosure requirements under the SEBI ICDR Regulations
Material Subsidiaries	Comstar Automotive and Comstar Automotive USA LLC
“Memorandum of Association” or “MoA”	Memorandum of association of our Company, as amended from time to time
“Nomination and Remuneration Committee” or “NRC Committee”	Nomination and remuneration committee of our Board, as described in “ <i>Our Management - Committees of the Board</i> ” beginning on page 221
Preference Shares	Compulsorily convertible cumulative preference shares of face value of ₹ 10 each of our Company
Promoters	Promoters of our Company, being, Sona Promoters and Singapore Topco
Promoter Group(s)	The Sona Promoter Group and the Singapore Topco Promoter Group
Pro Forma Consolidated Financial Information	The pro forma consolidated financial information for illustrative purposes presented in “ <i>Financial Information – Pro Forma Consolidated Financial Information</i> ” on page 318, is meant to show the impact of the acquisition of Comstar Entities on our Company, as if the acquisition had been completed at a date prior to the first period presented therein. Further, the erstwhile subsidiary SONA BV and its subsidiaries, and the erstwhile associate, Sona Skill Development Centre Limited, have not been considered for consolidation in the Pro Forma Consolidated Financial Information
Pune Unit I	Our manufacturing facility located at T-46, MIDC, Bhosari Industrial Area Pune, Maharashtra – 411 026, India
Pune Unit II	Our manufacturing facility located at A-78/2, MIDC, Chakan Industries Phase II Villi, Wasuli, Pune, Maharashtra – 410 501, India
Registered and Corporate Office	The registered and corporate office of our Company located at Sona Enclave, Village Begumpur Khatola, Sector 35, Gurugram, Haryana – 122 004, India
“Registrar of Companies” or “RoC”	Registrar of Companies, NCT of Delhi and Haryana at New Delhi
Restated Consolidated Financial Information	Our restated consolidated summary statements of assets and liabilities as at March 31, 2021, March 31, 2020 and March 31, 2019 and the restated consolidated statements of profit and loss, cash flow statement and changes in equity for the year ended March 31, 2021, March 31, 2020 and March 31, 2019 of our Company together with the statement of significant accounting policies, and other explanatory information thereon, derived from the audited consolidated financial statements for the years ended March 31, 2021, March 31, 2020 and March 31, 2019, together with the annexures and notes thereto, and the examination report thereon, prepared in accordance with Ind AS, and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on “Reports in Company Prospectuses (Revised 2019)” issued by the ICAI
Risk Management Committee	Risk management committee of our Board, as described in “ <i>Our Management - Committees of the Board</i> ” beginning on page 221
Scheme of Amalgamation	The scheme of amalgamation approved by our Board on December 20, 2019 and filed with the NCLT Chandigarh for the amalgamation of Comstar Automotive with our Company with effect from July 5, 2019, being the appointed date as described in “ <i>History and Certain Corporate Matters</i> ” on page 200
Selling Shareholder	Singapore VII Topco III Pte. Ltd.
SHA	The shareholders’ agreement dated October 16, 2018 executed between our Company, Sona Autocomp, Sunjay Kapur and BCP Topco VI Pte. Ltd. read with (i) the assignment agreement dated February 14, 2019 executed between BCP Topco VI Pte. Ltd. and Singapore VII Topco III Pte. Ltd.; (ii) deed of adherence dated February 14, 2019; and (iii) the waiver cum amendment agreement dated February 22, 2021 read with the first amendment agreement dated May 27, 2021 to the waiver cum amendment agreement
Shareholder(s)	Shareholder(s) of our Company from time to time
Singapore Topco	One of our Promoters, being, Singapore VII Topco III Pte. Ltd., an affiliate of The Blackstone Group Inc.

Term	Description
Singapore Topco Promoter Group	Persons and entities constituting the promoter group of Singapore Topco in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, as described in “ <i>Our Promoters and Promoter Group</i> ” beginning on page 230
Sona Autocomp	Sona Autocomp Holding Private Limited
SONA BV	Sona Holdings B.V., The Netherlands
Sona BV Group	Sona Holding B.V., Netherlands and its subsidiaries
Sona Promoters	Sona Autocomp and Sunjay Kapur
Sona Promoter Group	Persons and entities constituting the promoter group of the Sona Promoters in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, as described in “ <i>Our Promoters and Promoter Group</i> ” beginning on page 230
SSSPA	The share subscription and share purchase agreement dated October 16, 2018 executed between our Company, Sona Autocomp, Sunjay Kapur, JM Financial Trustee and BCP Topco VI Pte. Ltd.
Stakeholders’ Relationship Committee	Stakeholders’ relationship committee of our Board, as described in “ <i>Our Management - Committees of the Board</i> ” beginning on page 221
Statutory Auditors	The statutory auditors of our Company, being Walker Chandio & Co LLP, Chartered Accountants
Subsidiaries	The subsidiaries of our Company, namely: 1. Comstar Automotive; 2. Comstar Automotive Technology Services Private Limited; 3. Comstar Automotive Hong Kong Ltd.; 4. Comstar Automotive USA LLC; 5. Comstar Automotive (Hangzhou) Co. Ltd.; 6. Comstar Hong Kong Mexico No1 LLC; 7. Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V; 8. Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V; 9. Comestel Automotive Technologies Mexicana; and 10. Sona Comstar eDrive Private Limited
“Vice President (Legal), Company Secretary and Compliance Officer” or “Compliance Officer” or “Company Secretary”	Vice President (Legal), Company Secretary and Compliance officer of our Company, namely, Ajay Pratap Singh

## Offer Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by the relevant Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form
Allot, Allotment or Allotted	Unless the context otherwise requires, allotment (in case of the Fresh Issue) or transfer (in case of the Offer for Sale), of the Equity Shares pursuant to the Offer to the successful Bidders
Allotment Advice	A note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and this Red Herring Prospectus and who has Bid for an amount of at least ₹ 100 million
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated to the Anchor Investors in terms of this Red Herring Prospectus, which will be decided by our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers
Anchor Investor Application Form	The application form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of this Red Herring Prospectus and the Prospectus
Anchor Investor Bid/Offer Period	One Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed
Anchor Investor Offer Price	The final price at which the Equity Shares will be Allotted to the Anchor Investors in terms of this Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price  The Anchor Investor Offer Price will be decided by our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers
Anchor Investor Pay-in Date	With respect to Anchor Investor(s), the Anchor Investor Bid/Offer Period, and in the event the Anchor Investor Allocation Price is lower than the Anchor Investor Offer Price, not later than two Working Days after the Bid/ Offer Closing Date
Anchor Investor Portion	Up to 60% of the QIB Portion or up to [●] Equity Shares which may be allocated by our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers, to the Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations

Term	Description
	One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price
“Application Supported by Blocked Amount” or ASBA”	An application, whether physical or electronic, used by ASBA Bidders, to make a Bid and authorising an SCSB to block the Bid Amount in the ASBA Account and will include amounts blocked by the SCSB upon acceptance of UPI Mandate Request by RIBs using the UPI Mechanism
ASBA Account	A bank account maintained by ASBA Bidder with an SCSB for blocking the Bid Amount mentioned in the ASBA Form and will include a bank account of RIBs linked with UPI ID, which is blocked upon acceptance of a UPI Mandate Request made by the RIB using the UPI Mechanism
ASBA Bidders	All Bidders except Anchor Investors
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders to submit Bids, which will be considered as the application for Allotment in terms of this Red Herring Prospectus and the Prospectus
Banker(s) to the Offer	Collectively, the Escrow Collection Bank, Refund Bank, Public Offer Bank and Sponsor Bank
Basis of Allotment	The basis on which Equity Shares will be Allotted to successful Bidders under the Offer. For details, see “Offer Procedure” beginning on page 428
Bid	An indication to make an offer during the Bid/Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/Offer Period by an Anchor Investor, pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations and in terms of this Red Herring Prospectus and the Bid cum Application Form. The term “Bidding” shall be construed accordingly
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the ASBA Bidders, as the case maybe, upon submission of the Bid
Bid cum Application Form	Anchor Investor Application Form or the ASBA Form, as the context requires
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Bid/Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, being June 16, 2021, which shall be notified in all editions of Financial Express and all editions of Jansatta (which are widely circulated English daily newspapers and Hindi daily newspapers, Hindi also being the regional language of Haryana, where our Registered and Corporate Office is located)  In case of any revisions, the extended Bid/ Offer Closing Date will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the other members of the Syndicate and by intimation to the Designated Intermediaries and the Sponsor Bank
Bid/Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, being June 14, 2021, which shall be published in all editions of Financial Express and all editions of Jansatta (which are widely circulated English daily newspapers and Hindi daily newspapers, Hindi also being the regional language of Haryana, where our Registered and Corporate Office is located)
Bid/Offer Period	Except in relation to Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which Bidders can submit their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations, provided that such period shall be kept open for a minimum of three Working Days
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, which includes an ASBA Bidder and an Anchor Investor
Bidding Centres	The centres at which the Designated Intermediaries shall accept the Bid cum Application Forms, being the Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made
“Book Running Lead Managers” or “BRLMs”	The book running lead managers to the Offer namely, Kotak, Credit Suisse, JM Financial, J.P. Morgan and Nomura
Broker Centres	The broker centres notified by the Stock Exchanges where ASBA Bidders can submit the ASBA Forms to a Registered Broker  The details of such Broker Centres, along with the names and the contact details of the Registered Brokers are available on the websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Cap Price	The higher end of the Price Band, above which the Offer Price and Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted
Client ID	The client identification number maintained with one of the Depositories in relation to demat account
“Collecting Participant” or “CDP”	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids from relevant Bidders at the Designated CDP Locations in terms of SEBI circular number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
“Confirmation of Allocation Note” or “CAN”	A notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated Equity Shares, after the Anchor Investor Bid/Offer Period

Term	Description
Credit Suisse	Credit Suisse Securities (India) Private Limited
CRIS	CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd.
CRISIL	CRISIL Limited appointed by our Company pursuant to the letter dated January 7, 2021
CRISIL Industry Report	Industry report entitled "Assessment of Indian Market Potential for Specific Precision Forged and Electrical Components" dated January 2021 issued by CRISIL and commissioned by our Company for an agreed fees
Industry Reports	CRISIL Industry Report and Ricardo Industry Report
Cut-off Price	The Offer Price finalised by our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers which shall be any price within the Price Band  Only RIBs (subject to the Bid Amount being up to ₹ 200,000) are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
Demographic Details	The demographic details of the Bidders including the Bidders' address, name of the Bidders' father or husband, investor status, occupation, bank account details, PAN and UPI ID, where applicable
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Forms from relevant Bidders, a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a> , or at such other website as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where relevant ASBA Bidders can submit the ASBA Forms.  The details of such Designated CDP Locations, along with names and contact details of the CDPs eligible to accept ASBA Forms are available on the websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
Designated Date	The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Account to the Public Offer Account or the Refund Account, as the case may be, and the instructions are issued to the SCSBs (in case of RIBs using UPI Mechanism, instruction issued through the Sponsor Bank) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account, in terms of this Red Herring Prospectus and the Prospectus, following which the Equity Shares will be Allotted in the Offer
Designated Intermediary(ies)	Collectively, the members of the Syndicate, sub-syndicate or agents, SCSBs (other than RIBs using the UPI Mechanism), Registered Brokers, CDPs and RTAs, who are authorised to collect Bid cum Application Forms from the relevant Bidders, in relation to the Offer
Designated RTA Locations	Such locations of the RTAs where relevant ASBA Bidders can submit the ASBA Forms to RTAs.  The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
Designated Stock Exchange	BSE Limited
"Draft Red Herring Prospectus" or "DRHP"	The draft red herring prospectus dated February 23, 2021 filed with SEBI and issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer
Eligible FPI(s)	FPI(s) that are eligible to participate in the Offer in terms of applicable law and from such jurisdictions outside India where it is not unlawful to make an offer / invitation under the Offer and in relation to whom the Bid cum Application Form and this Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares
Eligible NRI(s)	NRI(s) eligible to invest under Schedule 3 and Schedule 4 of the FEMA Rules, from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid cum Application Form and this Red Herring Prospectus will constitute an invitation to purchase the Equity Shares
Escrow Account(s)	The 'no-lien' and 'non-interest bearing' account(s) opened with the Escrow Collection Bank and in whose favour the Bidders (excluding the ASBA Bidders) will transfer money through direct credit/NEFT/RTGS/NACH in respect of the Bid Amount when submitting a Bid
Escrow and Sponsor Bank Agreement	The escrow and sponsor bank agreement dated June 3, 2021 entered into between our Company, the Selling Shareholder, the Book Running Lead Managers, the Registrar to the Offer and the Banker(s) to the Offer for, <i>inter alia</i> , collection of the Bid Amounts from the Anchor Investors, transfer of funds to the Public Offer Account and where applicable, refunds of the amounts collected from the Anchor Investors, on the terms and conditions thereof, in accordance with the UPI Circulars
Escrow Collection Bank(s)	Bank(s), which are clearing members and registered with SEBI as a banker to an issue under the SEBI BTI Regulations and with whom the Escrow Account will be opened, in this case being, HDFC Bank Limited
First Bidder	The Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name also appears as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted
Fresh Issue	Fresh issue of up to [●] Equity Shares aggregating up to ₹ 3,000 million by our Company



Term	Description
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
“General Information Document” or “GID”	The General Information Document for investing in public issues, prepared and issued in accordance with the circular (SEBI/HO/CFD/DIL1/CIR/P/2020/37) dated March 17, 2020, suitably modified and updated pursuant to the circular (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020, as amended from time to time and as included in “Offer Procedure” beginning on page 428
JM Financial	JM Financial Limited
J.P. Morgan	J.P. Morgan India Private Limited
Kotak	Kotak Mahindra Capital Company Limited
Monitoring Agency	HDFC Bank Limited
Monitoring Agency Agreement	The agreement dated May 24, 2021 entered into between our Company and the Monitoring Agency
Mutual Fund Portion	5% of the Net QIB Portion or [●] Equity Shares which shall be available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Offer Price
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Net Proceeds	Proceeds from the Fresh Issue less our Company’s share of the Offer expenses. For further details, see “Objects of the Offer” beginning on page 89
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors
Nomura	Nomura Financial Advisory and Securities (India) Private Limited
“Non-Institutional Bidders” or “NIBs”	All Bidders that are not QIBs or RIBs and who have Bid for Equity Shares, for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	The portion of the Offer being not more than 15% of the Offer comprising [●] Equity Shares which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price
Non-Resident	A person resident outside India, as defined under FEMA and includes NRIs, FPIs and FVCIs
“Non-Resident Indians” or “NRI(s)”	A non-resident Indian as defined under the FEMA Rules
Offer	The initial public offer of up to [●] Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] each (including a share premium of ₹ [●] per Equity Share), aggregating up to ₹ 55,500 million, comprising the Fresh Issue and the Offer for Sale
Offer Agreement	The offer agreement dated February 23, 2021 entered into between our Company, the Selling Shareholder and the Book Running Lead Managers, pursuant to which certain arrangements are agreed to in relation to the Offer
Offer for Sale	Offer for Sale of up to [●] Equity Shares aggregating up to ₹ 52,500 million by Singapore VII Topco III Pte. Ltd.
Offer Price	The final price at which Equity Shares will be Allotted to ASBA Bidders in terms of this Red Herring Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of this Red Herring Prospectus  The Offer Price will be decided by our Company and the Selling Shareholder in consultation with the Book Running Lead Managers on the Pricing Date in accordance with the Book Building Process and this Red Herring Prospectus
Offer Proceeds	The proceeds of the Offer that will be available to our Company and the Selling Shareholder. For further details on the use of Offer Proceeds from the Fresh Issue, see “Objects of the Offer” beginning on page 89
Offered Shares	Up to [●] Equity Shares aggregating to ₹ 52,500 million offered by the Selling Shareholder in the Offer for Sale
Price Band	The price band of a minimum price of ₹ [●] per Equity Share (Floor Price) and the maximum price of ₹ [●] per Equity Share (Cap Price) including revisions thereof.  The Price Band and the minimum Bid Lot for the Offer will be decided by our Company and the Selling Shareholder in consultation with the Book Running Lead Managers and will be advertised in all editions of Financial Express and all editions of Jansatta (which are widely circulated English daily newspapers and Hindi daily newspapers, Hindi also being the regional language of Haryana, where our Registered and Corporate Office is located), at least two Working Days prior to the Bid/Offer Opening Date and shall be available to the Stock Exchanges for the purpose of uploading on their respective websites.
Pricing Date	The date on which our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers, will finalise the Offer Price
Prospectus	The prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act and the SEBI ICDR Regulations containing, <i>inter alia</i> , the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information including any addenda or corrigenda thereto
Public Offer Account	The ‘no-lien’ and ‘non-interest bearing’ account opened, in accordance with Section 40(3) of the Companies Act with the Public Offer Bank to receive monies from the Escrow Account and the ASBA Accounts on the Designated Date

Term	Description
Public Offer Bank(s)	Bank(s) with whom the Public Offer Account for collection of Bid Amounts from Escrow Accounts and ASBA Accounts will be opened, in this case being HDFC Bank Limited
QIB Portion	The portion of the Offer (including the Anchor Investor Portion) being not less than 75% of the Offer comprising [●] Equity Shares which shall be allocated to QIBs (including Anchor Investors), subject to valid Bids being received at or above the Offer Price
“QIBs” or “QIB Bidders” or “Qualified Institutional Buyers”	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
“Red Herring Prospectus” or “RHP”	<p>This red herring prospectus dated June 7, 2021 issued by our Company in accordance with Section 32 of the Companies Act, and the provisions of the SEBI ICDR Regulations, which does not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto</p> <p>The Bid/Offer Opening Date shall be at least three Working Days after the registration of this Red Herring Prospectus with the RoC and will become the Prospectus upon filing with the RoC on or after the Pricing Date, including any addenda or corrigenda thereto</p>
Refund Account(s)	The ‘no-lien’ and ‘non-interest bearing’ account opened with the Refund Bank, from which refunds, if any, of the whole or part, of the Bid Amount to the Anchor Investors shall be made
Refund Bank(s)	The Banker(s) to the Offer with whom the Refund Account(s) will be opened and in this case being, HDFC Bank Limited
Registered Brokers	The stock brokers registered with the stock exchanges having nationwide terminals, other than the members of the Syndicate and eligible to procure Bids from relevant Bidders in terms of SEBI circular number CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI
Registrar Agreement	The registrar agreement dated February 20, 2021 entered into between our Company, the Selling Shareholder and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
“Registrar to the Offer” or “Registrar”	Kfin Technologies Private Limited
“Retail Individual Bidder(s)” or “Retail Individual Investor(s)” or “RII(s)” or “RIB(s)”	Individual Bidders submitting Bids, who have Bid for the Equity Shares for an amount not more than ₹ 200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta) and Eligible NRIs
Retail Portion	The portion of the Offer being not more than 10% of the Offer comprising [●] Equity Shares, which shall be available for allocation to RIBs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price
Revision Form	<p>The form used by Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s), as applicable.</p> <p>QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. RIBs can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date</p>
Ricardo	Ricardo UK Limited appointed by our Company pursuant to the letter dated January 19, 2021
Ricardo Industry Report	Industry report entitled “ <i>Global and Indian Automotive Market Overview</i> ” dated February 15, 2021 issued by Ricardo and commissioned by our Company for an agreed fees
“RTAs” or “Registrar and Share Transfer Agents”	The registrar and share transfer agents registered with SEBI and eligible to procure Bids from relevant Bidders at the Designated RTA Locations in terms of SEBI circular number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI and available on the website of the Stock Exchanges at www.nseindia.com and www.bseindia.com
SEBI SCORES	Securities and Exchange Board of India Complaints Redress System
“Self Certified Syndicate Bank(s)” or “SCSB(s)”	The banks registered with SEBI, offering services (i) in relation to ASBA (other than through UPI Mechanism), a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34</a> or <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a> , as applicable, or such other website as updated from time to time, and (ii) in relation to ASBA (through UPI Mechanism), a list of which is available on the website of SEBI at <a href="https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40">https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40</a> or such other website as may be prescribed by SEBI and updated from time to time
Share Escrow Agent	The share escrow agent appointed pursuant to the Share Escrow Agreement namely, KFin Technologies Private Limited
Share Escrow Agreement	The share escrow agreement dated May 26, 2021 entered into between our Company, the Selling Shareholder and the Share Escrow Agent in connection with the transfer of Equity Shares under the Offer for Sale by the Selling Shareholder and credit of such Equity Shares to the demat accounts of the Allottees in accordance with the Basis of Allotment
Specified Locations	The Bidding centres where the Syndicate shall accept Bid cum Application Forms from relevant Bidders, a list of which is available on the website of SEBI (www.sebi.gov.in), and updated from time to time
Sponsor Bank	HDFC Bank Limited, being a Banker to the Offer registered with SEBI, appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and / or payment instructions of the RIBs using the UPI Mechanism, in terms of the UPI Circulars

Term	Description
Syndicate Agreement	The syndicate agreement dated June 3, 2021 entered into between our Company, the Selling Shareholder, the Registrar and the members of the Syndicate in relation to collection of Bid cum Application Forms by the Syndicate
Syndicate Members	The intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely Kotak Securities Limited and JM Financial Services Limited
“Syndicate” or “members of the Syndicate”	The Book Running Lead Managers and the Syndicate Members
Underwriters	[●]
Underwriting Agreement	The underwriting agreement to be entered into between our Company, the Selling Shareholder and the Underwriters, on or after the Pricing Date, but prior to filing the Prospectus with the RoC
UPI	Unified payments interface which is an instant payment mechanism, developed by NPCI
UPI Circulars	SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and any subsequent circulars or notifications issued by SEBI in this regard
UPI ID	ID created on the UPI for single-window mobile payment system developed by the NPCI
UPI Mandate Request	A request (intimating the RIB by way of a notification on the UPI application and by way of a SMS for directing the RIB to such UPI mobile application) to the RIB initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment
UPI Mechanism	Process for applications by RIBs submitted with intermediaries with UPI as mode of payment, in terms of the UPI Circulars
Wilful Defaulter	A company or person, as the case may be, categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and includes any company whose director or promoter is categorised as such
Working Day	All days on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Offer Period, the term Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI, including the UPI Circulars

## Technical, Industry Related Terms or Abbreviations

Term	Description
AV	Autonomous vehicle
4WD	Four-wheel drive
ACMA	Automotive Components Manufacturing Association of India
ADMMS	Advances in design, materials, manufacturing and surface engineering for mobility
AMP	Automotive Mission Plan
Ampere Vehicles	Ampere Vehicles Private Limited
Ashok Leyland	Ashok Leyland Limited
ASPICE	Automotive Software Process Improvement Capability Determination
AUTOSAR	Automotive Open System Architecture, a global development partnership of automotive interested parties.
AWD	All-wheel drive
BEV	Battery electric vehicle
BLDC motor	Brushless direct current motor
BSG	Belt-driven starter generator
CAFÉ	Corporate average fuel efficiency
Carraro	Carraro Drive Tech Italia, Carraro India Private Limited and Carraro China Drive Systems
CERCA	Centre of excellence for research on clean air
CNH	CNH Industrial (India) Private Limited
CSR	Corporate social responsibility
CUV	Crossover utility vehicle
CV	Commercial vehicle
Daimler	Daimler India Commercial Vehicles Private Limited
Dana	Dana India Private Limited
DAT	Dual arm tensioner
DC electricity	Direct current electricity

Term	Description
DDT	Dividend distribution tax
ECL	expected credit loss
EHS	Environment, health and safety
EIR	effective interest rate
EOU	Export oriented unit
EPCG Scheme	Export Promotion Capital Goods Scheme
Escorts	Escorts Limited
Escorts Kubota	Escorts Kubota India Private Limited
EV	Electric vehicle
FAME India	Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India Scheme
FDG	Final drive gear
FOB	free on board
FOC	Field orientated control
FuSa	Functional safety
FVTPL	Fair value through profit and loss
Geely	Zhejiang Geely Holding Group Company Limited
GVW	Gross vehicle weight
IAD gear	Inter-axle differential gear
IATF	International Automotive Task Force
ICE	Internal combustion engine
ICMPE	International Conference on Mechanical and Production Engineering
IEEE	Institute of Electrical and Electronics Engineers
IMF	International Monetary Fund
ISO	International Organization for Standardization
“Jaguar Land Rover” or “JLR”	Jaguar Land Rover Limited
Jing-Jin Electric	Jing-Jin Electric Technology Company Limited
John Deere	John Deere India Private Limited
KPIs	Key performance indicators
LCV	Light commercial vehicle
Linamar	Linamar Corporation
Mahindra	Mahindra & Mahindra Limited
Mahindra Electric	Mahindra Electric Mobility Limited
Maruti Suzuki	Maruti Suzuki India Limited
Maschio	Maschio Gaspardo India Private Limited
MEIS	Merchandise Exports from India Scheme
MISRA	Motor Industry Software Reliability Association
NEMMP	National Electric Mobility Mission Plan 2020
NEV	Neighbourhood electric vehicle
NVH	Noise, vibration and harshness
OBD	On-board diagnostics
OCI	Other comprehensive income
OEM	Original equipment manufacturer
OHSAS	Occupational health and safety assessment series
OHV	Off-highway vehicle
OTA	Over the air updates
PLI Scheme	Production Linked Incentive Scheme
PMSM	Permanent magnet synchronous motor
PPM	Parts per million
PV	Passenger vehicle
QPQ	Quench polish quench
R&D	Research and development
Renault Nissan	Renault Nissan Automotive India Private Limited
Revolt Intellicorp	Revolt Intellicorp Private Limited
RFQ	Request for quote
ROCE	Return on capital employment
ROE	Return on equity
RODTEP Scheme	A scheme for remission of duties and taxes on export products announced by the Ministry of Finance, Government of India
ROU	Right-of-use asset
SAE International	Society of Automotive Engineers, a U.S.-based, globally active professional association and standards developing organization for engineering professionals
SOBA	Supplier on board agreement
SPPI	Solely payments of principal and interest
SUV	Sports utility vehicle
TAFE	Tractors and Farm Equipment Limited
TPM	Total productive maintenance

Term	Description
Volvo Cars	Volvo Car Corporation
Volvo Eicher	VE Commercial Vehicles Limited

## Conventional and General Terms or Abbreviations

Term	Description
“₹” or “Rs.” or “Rupees” or “INR”	Indian Rupees
AGM	Annual general meeting
AIF	Alternative Investment Fund as defined in and registered with SEBI under the SEBI AIF Regulations
“AS” or “Accounting Standards”	Accounting standards issued by the ICAI
AY	Assessment year
“Bn” or “bn”	Billion
BSE	BSE Limited
CAGR	Compounded annual growth rate
Category I AIF	AIFs who are registered as “Category I Alternative Investment Funds” under the SEBI AIF Regulations
Category I FPIs	FPIs who are registered as “Category I foreign portfolio investors” under the SEBI FPI Regulations
Category II AIF	AIFs who are registered as “Category II Alternative Investment Funds” under the SEBI AIF Regulations
Category II FPIs	FPIs who are registered as “Category II foreign portfolio investors” under the SEBI FPI Regulations
Category III AIF	AIFs who are registered as “Category III Alternative Investment Funds” under the SEBI AIF Regulations
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Civil Code	Code of Civil Procedure, 1908
CLB	Company Law Board
Companies Act	Companies Act, 2013, as applicable, along with the relevant rules, regulations, clarifications and modifications made thereunder
Competition Act	Competition Act, 2002
CrPC	The Code of Criminal Procedure, 1973
CY	Calendar Year
Depositories	Together, NSDL and CDSL
Depositories Act	Depositories Act, 1996
DIN	Director Identification Number
DP ID	Depository Participant’s Identification
“DP” or “Depository Participant”	A depository participant as defined under the Depositories Act
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as Department of Industrial Policy and Promotion)
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ECB Master Directions	Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations dated March 26, 2019 issued by the RBI
EGM	Extraordinary general meeting
EPS	Earnings per share
FDI	Foreign direct investment
FDI Policy	Consolidated Foreign Direct Investment Policy notified by the DPIIT under DPIIT File Number 5(2)/2020-FDI Policy dated the October 15, 2020, effective from October 15, 2020
FEMA	The Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
“Financial Year” or “Fiscal” or “Fiscal Year” or “FY”	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FIR	First information report
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations
FVCI	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations
GAAR	General anti-avoidance rules
Gazette	Official Gazette of India
GDP	Gross domestic product
“GoI” or “Government” or “Central Government”	Government of India
GST	Goods and services tax
IBC	The Insolvency and Bankruptcy Code, 2016
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Income Tax Act	The Income-tax Act, 1961
Ind AS	Indian Accounting Standards notified under Section 133 of the Companies Act and referred to in the Companies (Indian Accounting Standards) Rules, 2015
India	Republic of India
Indian GAAP	Generally Accepted Accounting Principles in India

Term	Description
Indian Penal Code	The Indian Penal Code, 1860
IPO	Initial public offering
IRDAI	Insurance Regulatory and Development Authority of India
IRDAI Investment Regulations	Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016, as amended
IST	Indian Standard Time
IT	Information Technology
IT Act	The Information Technology, 2000
KYC	Know Your Customer
MCA	Ministry of Corporate Affairs, Government of India
MIM	Multiple Investment Manager
“Mn” or “mn”	Million
NACH	National Automated Clearing House
National Investment Fund	National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India
NBFC	Non-Banking Financial Companies
NAV	Net Asset Value
NCLT Chandigarh	National Company Law Tribunal, Chandigarh Bench at Chandigarh
NEFT	National Electronic Fund Transfer
Negotiable Instruments Act	The Negotiable Instruments Act, 1881
NPCI	National Payments Corporation of India
NR	Non-Resident
NRE	Non- Residential External
NRI	A person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000
NRO	Non- Resident Ordinary
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
“OCB” or “Overseas Corporate Body”	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
ODI	Off-shore Derivate Instruments
p.a.	Per annum
P/E Ratio	Price to Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PMLA	Prevention of Money Laundering Act, 2002
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
Regulation S	Regulation S under the U.S. Securities Act
RoNW	Return on Net Worth
RTGS	Real Time Gross Settlement
Rule 144A	Rule 144A under the U.S. Securities Act
SARFAESI Act	The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended
SBI	State Bank of India
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI BTI Regulations	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Merchant Bankers Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
SEBI SBEB Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
Stamp Act	The Indian Stamp Act, 1899
State Government	The government of a state in India

<b>Term</b>	<b>Description</b>
Stock Exchanges	BSE and NSE
STT	Securities Transaction Tax
Systemically Important NBFC	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations
TAN	Tax deduction account number
Trusts Act	The Indian Trusts Act, 1882
U.S. Securities Act	U.S. Securities Act of 1933, as amended
“U.S.” or “USA” or “United States”	United States of America
“USD” or “US\$”	United States Dollars
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations

## CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

### Certain Conventions

All references to “India” contained in this Red Herring Prospectus are to the Republic of India and its territories and possessions and all references herein to the “Government”, “Indian Government”, “GoI”, “Central Government” or the “State Government” are to the Government of India, central or state, as applicable. All references to the “U.S.”, “US”, “U.S.A” or “United States” are to the United States of America and its territories and possessions.

Unless otherwise specified, any time mentioned in this Red Herring Prospectus is in Indian Standard Time (“IST”). Unless indicated otherwise, all references to a year in this Red Herring Prospectus are to a calendar year.

Unless stated otherwise, all references to page numbers in this Red Herring Prospectus are to the page numbers of this Red Herring Prospectus.

### Financial Data

Unless stated otherwise, the financial information and financial ratios in this Red Herring Prospectus have been derived from our Restated Consolidated Financial Information. For further information, see “*Financial Information*” beginning on page 239.

Restated Consolidated Financial Information consists of restated consolidated summary statements of assets and liabilities as at March 31, 2021, March 31, 2020 and March 31, 2019 and the restated consolidated statements of profit and loss, cash flow statement and changes in equity for the year ended March 31, 2021, March 31, 2020 and March 31, 2019 of our Company together with the statement of significant accounting policies, and other explanatory information thereon, derived from the audited consolidated financial statements for the years ended March 31, 2021, March 31, 2020 and March 31, 2019, together with the annexures and notes thereto, and the examination report thereon, prepared in accordance with Ind AS, and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on “Reports in Company Prospectuses (Revised 2019)” issued by the ICAI.

We have included in this Red Herring Prospectus the Pro Forma Consolidated Financial Information (to be read in conjunction with the “*Management’s Discussion and Analysis of Financial Conditional and Results of Operations – Basis of Preparation of the Pro Forma Consolidated Financial Information*” on page 382) as at and for the years ended March 31, 2019, 2020 and 2021, to show the impact of the acquisition of Comstar Entities on our Company, as if the acquisition had been completed at a date prior to the first period presented therein. Further, the erstwhile subsidiary SONA BV and its subsidiaries, and the erstwhile associate, Sona Skill Development Centre Limited, have not been considered for consolidation in the Pro Forma Consolidated Financial Information. For further details, see “*Financial Information – Pro Forma Consolidated Financial Information*” on page 318; “*History and Certain Corporate Matters – Material acquisitions or divestments of business or undertakings, mergers, amalgamations or revaluation of assets in the last 10 years*” on page 208; and “*Risk Factors - The Pro Forma Consolidated Financial Information included in this RHP to reflect the acquisition of Comstar Entities is not indicative of our future financial condition or factual financial position or results of operations*” on page 29.

Our Company’s financial year commences on April 1 and ends on March 31 of the next year. Accordingly, all references in this Red Herring Prospectus to a particular Financial Year, Fiscal or Fiscal Year, unless stated otherwise, are to the 12 month period ended on March 31 of that particular calendar year.

There are significant differences between Ind AS, Indian GAAP, U.S. GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, the Companies Act, Ind AS, the Indian GAAP and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Red Herring Prospectus should, accordingly, be limited. For risks relating to significant differences between Ind AS, Indian GAAP and other accounting principles, see “*Risk Factors – Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, IFRS and U.S. GAAP, which may be material to investors’ assessments of our financial condition, result of operations and cash flows*” beginning on page 54.

Unless the context otherwise indicates, any percentage amounts (excluding certain operational metrics), relating to the financial information of our Company in “*Risk Factors*”, “*Basis for Offer Price*”, “*Our Business*”, “*Other Financial information*”, “*Capitalisation Statement*” and “*Management’s Discussion and Analysis of Financial Conditional and Results of Operations*” beginning on pages 26, 95, 167, 357, 358 and 361, respectively, have been calculated on the basis of our Restated Consolidated Financial Information.

### Currency and Units of Presentation



All references to:

- “Rupees” or “₹” or “INR” or “Rs.” are to Indian Rupee, the official currency of the Republic of India; and
- “USD” or “US\$” are to United States Dollar, the official currency of the United States.
- “€” or “Euro” are to Euro, the official currency of the European Union.
- “Peso” or “Mexican Peso” are to Mexican Peso, the official currency of Mexico.

Our Company has presented certain numerical information in this Red Herring Prospectus in “million” units. One million represents 1,000,000 and one billion represents 1,000,000,000.

However, where any figures that may have been sourced from third-party industry sources are expressed in denominations other than millions, such figures appear in this Red Herring Prospectus in such denominations as provided in the respective sources.

In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures derived from our Restated Consolidated Financial Information in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to one decimal place. However, where any figures may have been sourced from third-party industry sources, such figures may be rounded off to such number of decimal places as provided in such respective sources.

### Exchange Rates

This Red Herring Prospectus contains conversion of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the US\$ (in Rupees per US\$):

<i>(amount in ₹, unless otherwise specified)</i>			
Currency	As on March 31, 2021	As on March 31, 2020	As on March 31, 2019
1 US\$	73.50	75.39	69.17

(Source: [www.rbi.org.in](http://www.rbi.org.in) and [www.fbil.org.in](http://www.fbil.org.in))

\* If the RBI reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day have been disclosed.

### Industry and Market Data

Unless stated otherwise, industry and market data used in this Red Herring Prospectus has been obtained or derived from the report titled “Assessment of Indian Market Potential for Specific Precision Forged and Electrical Components” dated January 2021 prepared by CRISIL and commissioned by our Company for an agreed fees (“**CRISIL Industry Report**”) and the report titled “Global and Indian Automotive Market Overview” dated February 15, 2021 prepared by Ricardo and commissioned by our Company for an agreed fees (“**Ricardo Industry Report**”), and publicly available information as well as other industry publications and sources.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be based on such information. We believe the industry and market data used in this Red Herring Prospectus is reliable, however, it has not been independently verified by our Company, the Selling Shareholder (Singapore VII Topco III Pte. Ltd.) or the Book Running Lead Managers or any of their affiliates or advisors. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risk, uncertainties and assumptions, and is subject to change based on various factors. Accordingly, investment decisions should not be based solely on such information. For details in relation to the risks involving the Industry Reports, see “*Risk Factors – Certain sections of this Red Herring Prospectus disclose information from industry reports which are paid reports commissioned by us exclusively in connection with the Offer and any reliance on such information for making an investment decision in the Offer is subject to inherent risks*” beginning on page 48.

The extent to which the market and industry data used in this Red Herring Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

The CRISIL Industry Report and the Ricardo Industry Report have been prepared at the request of our Company.

The ratings provided in the “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources*” on page 391, have been solicited by, or on behalf of, our Company, and India Ratings and Research has been compensated by us for the provision of such ratings. The ratings do not constitute recommendations to buy, hold or sell any securities. Further, all credit ratings assigned by India Ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following the link – <https://www.indiaratings.co.in/rating-definitions>.

#### **Disclaimer of CRISIL Limited**

*“CRISIL Research, a division of CRISIL Limited (“CRISIL”) has taken due care and caution in preparing this report (“Report”) based on the Information obtained by CRISIL from sources which it considers reliable (“Data”). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Sona BLW Precision Forgings Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL’s Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd. (“CRIS”), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL’s Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL’s prior written approval.”*

#### **Disclaimer of Ricardo UK Limited**

*“This report was commissioned by Sona BLW Precision Forgings Limited (the “Company”) on terms specifically limiting Ricardo’s liability (the “Report”). Our conclusions are the results of the exercise of our best professional judgment based upon Ricardo internal analysis and relevant market analysis. The Report may be shared by the Company with the book running lead managers and legal counsel in relation to the proposed initial public offering of the Company.*

*Any use which a third party, other than the book running lead managers, makes of this document, or any reliance on it, or decisions to be made based on it, are the responsibility of such third party. Ricardo UK Limited accepts no duty of care or liability of any kind whatsoever to any such third party, and no responsibility for damages, if any, suffered by any third party as a result of decisions made, or not made, or actions taken, or not taken, based on the Report.*

*In preparing this Report Ricardo may have relied on data, information or statements supplied to us by third parties or available on public sources on or prior to Report’s date (the “Data”), in which case we have not independently verified the Data unless expressly stated in the Report, and such Data has been sourced from third parties that Ricardo considers reliable. The Data is assumed to be accurate, complete, reliable and current as of the date of such information and no responsibility for any error or omission in the Report arising from errors or omissions in such Data is accepted.*

*No representation or warranty, express or implied, is or will be made in relation to the accuracy or completeness of the Data and no responsibility or liability is or will be accepted by Ricardo in relation to the Data.*

*Any forecasts presented in the Report were prepared using Data and the Report is dependent on it. Some of the assumptions used to develop any forecasts may not be realised and unanticipated events and circumstances may occur. Consequently, Ricardo does not warrant the conclusions contained in the Report as there may be material differences between forecasts and actual results. While Ricardo has taken due care and caution in preparing the Report, Ricardo shall not be responsible for any errors or omissions in or for the results obtained from the use of or the decisions made based on, the Report.”*

In accordance with the SEBI ICDR Regulations, “Basis for Offer Price” beginning on page 95 includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, the Selling Shareholder (Singapore VII Topco III Pte. Ltd.) nor the Book Running Lead Managers have independently verified such information. Accordingly, no investment decision should be made solely on the basis of such information. Such industry sources and publications are also prepared based on information as at specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base this information on estimates and assumptions that may prove to be incorrect. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in “Risk Factors” beginning on page 26.

## NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Red Herring Prospectus or approved or disapproved the Equity Shares. Any representation to the contrary is a criminal offence in the United States. In making an investment decision, investors must rely on their own examination of our Company and the terms of this Offer, including the merits and risks involved. The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act and referred to in this Red Herring Prospectus as “**U.S. QIBs**”) in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and (b) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. For the avoidance of doubt, the term “U.S. QIBs” does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Red Herring Prospectus as “QIBs”.

## NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area (each a “**Relevant State**”), no Equity Shares have been offered or will be offered pursuant to this Red Herring Prospectus to the public in that Relevant State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that it may make an offer to the public in that Relevant State of any Shares at any time under the following exemptions under the Prospectus Regulation:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the Book Running Lead Managers for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Equity Shares shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to the Equity Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

### Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Equity Shares have been subject to a product approval process, which has determined that such Equity Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, “distributors” (for the purposes of the MiFID II Product Governance Requirements) (“**Distributors**”) should note that: the price of the Equity Shares may decline and investors could lose all or part of their investment; the Equity Shares offer no guaranteed income and no capital protection; and an investment in the Equity Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any

other action whatsoever with respect to the Equity Shares. Each Distributor is responsible for undertaking its own target market assessment in respect of the Equity Shares and determining appropriate distribution channels.

#### **NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM**

No Equity Shares have been offered or will be offered pursuant to this Red Herring Prospectus to the public in the United Kingdom prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the Financial Conduct Authority is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provisions in Article 74 (transitional provisions) of the Prospectus Amendment etc (EU Exit) Regulations 2019/1234, except that it may make an offer to the public in the United Kingdom of any Equity Shares at any time:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Book Running Lead Managers for any such offer; or
- (c) in any other circumstances falling within Section 86 of the FSMA.

provided that no such offer of the Equity Shares shall require the Issuer or any Book Running Lead Manager to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to the Equity Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares and the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

## FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “are likely”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “propose”, “project”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties, expectations and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results may differ materially from those suggested by forward-looking statements due to risks or uncertainties associated with expectations relating to and including, regulatory changes pertaining to the industries in India and other overseas jurisdictions in which we operate and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industries in which we operate.

Certain important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Our business is dependent on the performance of the automotive sector globally, including in our key markets such as US, Europe, India and China.
- Our business largely depends upon our top ten customers and the loss of such customers or a significant reduction in purchases by such customers will have a significantly adverse impact on our business.
- The COVID-19 pandemic, or a similar public health threat, could adversely affect our business, financial condition, and results of operations.
- We are dependent on the success of our R&D and the failure to develop new or improved products or process improvements or production techniques could subject us to write-offs or otherwise adversely affect our business, financial condition and results of operations and have a negative impact on our competitive position.
- Our growth strategy to capture market opportunity in the growing EV market may not be successful.

For further details regarding factors that could cause actual results to differ from expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 26, 167 and 361, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

There can be no assurance to Bidders that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, Bidders are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

Forward-looking statements reflect current views as of the date of this Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Directors, the Selling Shareholder, the Syndicate nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with the SEBI ICDR Regulations, our Company and the Book Running Lead Managers will ensure that the Bidders in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges for the Offer.

In accordance with regulatory requirements including requirements of SEBI and as prescribed under applicable law, the Selling Shareholder (Singapore VII Topco III Pte. Ltd.) shall ensure that the Bidders in India are informed of material developments, in relation to statements and undertakings specifically undertaken or confirmed by it in relation to itself and the Offered Shares in this Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges.

## SUMMARY OF THE OFFER DOCUMENT

The following is a general summary of the terms of the Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Red Herring Prospectus or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing in “Risk Factors”, “The Offer”, “Capital Structure”, “Objects of the Offer”, “Industry Overview”, “Our Business”, “Our Promoters and Promoter Group”, “Restated Consolidated Financial Information”, “Pro Forma Consolidated Financial Information”, “Offer Procedure”, “Outstanding Litigation and Material Developments” and “Main Provisions of Articles of Association” beginning on pages 26, 59, 77, 89, 108, 167, 230, 239, 318, 428, 399 and 445, respectively.

### Summary of Business

We are one of India’s leading automotive technology companies, designing, manufacturing and supplying highly engineered, mission critical automotive systems and components such as differential assemblies, differential gears, conventional and micro-hybrid starter motors, BSG systems, EV traction motors (BLDC and PMSM) and motor control units to automotive OEMs across US, Europe, India and China, for both electrified and non-electrified powertrain segments. We have nine manufacturing and assembly facilities across India, China, Mexico and USA, of which six are located in India. We are a technology and innovation driven company. With a strong focus on research and development, we develop mechanical and electrical hardware systems, components as well as base and application software solutions, to meet the evolving demands of our customers.

### Summary of Industry

According to the Ricardo Report, the overall Global Light Vehicle production volumes are expected to reach approximately 92 million in calendar year 2025 as compared to approximately 70 million in calendar year 2020, with China, Europe and North America accounting for approximately 70% of the global production volumes. Driven by stringent emission and corporate average fuel economy (CAFE) regulations globally, pure ICE vehicles will no longer be a viable propulsion choice for passenger vehicles according to Ricardo. Depending on the severity of CAFE norms across the regions, OEMs have a choice of micro (12v start-stop), mild/full hybrids, BEVs (Battery Electric Vehicles) and FCEVs (Fuel Cell Electric Vehicles). As fuel economy norms become more stringent over time and countries introduce legislation to ban fossil fuel vehicles, the proportion of BEVs will increase. In calendar year 2025, Ricardo expects BEVs to account for approximately 12% (i.e., approximately 11 million units) of the global production. Among the available propulsion technologies, BEV has been the fastest growing at CAGR of approximately 46% between calendar years 2015 to 2020 and is expected to experience an increased penetration, growing at a CAGR of approximately 36% between calendar years 2020 to 2025. According to the Ricardo Report, globally, the electrification agenda will be driven by the passenger vehicle segment and according to the CRISIL Report, electrification in India will be led by three-wheelers and two-wheelers, with electric two-wheelers having a CAGR of 70% to 74% between Fiscals 2021 to 2026.

### Our Promoters

Sunjay Kapur, Sona Autocomp Holding Private Limited and Singapore VI Topco III Pte. Ltd. are our Promoters. For details, see “Our Promoters and Promoter Group” beginning on page 230.

### Offer Size

Offer	Up to [●] Equity Shares aggregating up to ₹ 55,500 million
of which	
Fresh Issue <sup>(1)</sup>	Up to [●] Equity Shares aggregating up to ₹ 3,000 million
Offer for Sale <sup>(2)</sup>	Up to [●] Equity Shares aggregating up to ₹ 52,500 million by the Selling Shareholder (Singapore VII Topco III Pte. Ltd.)

<sup>(1)</sup> The Offer has been authorized by resolutions of our Board dated January 27, 2021 and February 22, 2021 and the Fresh Issue has been authorized by a special resolution of our Shareholders, dated January 30, 2021.

<sup>(2)</sup> The Equity Shares being offered by the Selling Shareholder (Singapore VII Topco III Pte. Ltd.) have been held for a period of at least one year immediately preceding the date of the Draft Red Herring Prospectus with the SEBI, and are eligible for being offered for sale pursuant to the Offer in terms of the SEBI ICDR Regulations. For details of authorizations received for the Offer for Sale, see “Other Regulatory and Statutory Disclosures” on page 406.

### Objects of the Offer

Our Company proposes to utilise the Net Proceeds towards the following objects:

Particulars	Amount (in ₹ million)
Repayment and pre-payment of identified borrowings in full availed by our Company	2,411.17
General corporate purposes <sup>(1)</sup>	[●]
<b>Net Proceeds</b>	<b>[●]</b>

<sup>(1)</sup> To be determined on finalisation of the Offer Price and updated in the Prospectus. The amount utilised for general corporate purposes shall not exceed 25% of the Net Proceeds.

For details, see “Objects of the Offer” beginning on page 89.

## Pre-Offer Shareholding of our Promoters, the Promoter Group and the Selling Shareholder

S. No.	Category of Shareholders	No. of Equity Shares	% of total pre-Offer paid up Equity Share capital
<b>Promoters</b>			
1.	Sona Autocomp Holding Private Limited	193,208,904	33.72
2.	Singapore VII Topco III Pte. Ltd.*	379,771,512	66.28
3.	Sunjay Kapur	Nil	Nil
<b>Sub Total (A)</b>		<b>572,980,416</b>	<b>100.00</b>
<b>Promoter Group</b>			
1.	Rani Kapur – RK Family Trust	72	Negligible
<b>Sub Total (B)</b>		<b>72</b>	<b>Negligible</b>
<b>Total (A) + (B)</b>		<b>572,980,488</b>	<b>100.00</b>

\* The Selling Shareholder

## Summary of Restated Consolidated Financial Information

(in ₹ million other than share data)			
Particulars	As at and for the Financial Year ended March 31, 2021	As at and for the Financial Year ended March 31, 2020	As at and for the Financial Year ended March 31, 2019
Equity Share capital <sup>(1)</sup>	5,729.80	477.48	277.18
Net worth (equity attributable to the owners)	13,039.01	11,779.41	1,737.77
Total income	15,686.41	10,437.65	7,025.01
Profit after tax (attributable to owners)	2,151.65	3,603.43	1,729.71
Basic and diluted earning per share (₹ / share) <sup>(2)</sup>			
- Basic (in ₹) <sup>(3)</sup>	3.76	7.06	5.20
- Diluted (in ₹) <sup>(4)</sup>	3.75	7.06	5.20
Net asset value per Equity Share (basic) (in ₹) <sup>(5)</sup>	22.76	23.07	5.22
Net asset value per Equity Share (diluted) (in ₹) <sup>(6)</sup>	22.75	23.07	5.22
Total borrowings (as per balance sheet) <sup>(7)</sup>	3,662.60	3,067.82	1,460.04
EBITDA <sup>(8)</sup>	4,410.16	2,422.77	2,002.02

<sup>(1)</sup> Includes equity share capital and instruments entirely equity in nature

<sup>(2)</sup> EPS calculation is in accordance with the Indian Accounting Standard (Ind AS) 33 'Earnings per share' prescribed by the Companies (Indian Accounting Standard) Rules, 2015 (as amended)

<sup>(3)</sup> Profit after tax attributable to equity shareholders / weighted average number of equity shares outstanding as on the reporting date

<sup>(4)</sup> Profit after tax attributable to equity shareholders / weighted average number of diluted equity shares outstanding as on the reporting date

<sup>(5)</sup> Net worth at the end of the period / weighted average number of equity shares outstanding as on the reporting date

<sup>(6)</sup> Net worth at the end of the period / weighted average number of diluted shares outstanding as on the reporting date

<sup>(7)</sup> Total borrowings includes current maturities of long-term borrowings, current maturities of deferred payment liabilities and interest accrued and due on borrowings

<sup>(8)</sup> EBITDA = (profit/ (loss) for the year/ period from continuing operations - other income –/+ exceptional items (non-operating nature) + tax expense + Finance costs + depreciation and amortization)

Note: In Fiscal 2020, our Company completed the transfer of 81% of the issued and outstanding share capital of SONA BV on a fully diluted basis to Sona Autocomp, our Corporate Promoter for an aggregate consideration of ₹ 1,399.48 million. Pursuant to the completion of this transfer, Sona BV Group ceased to be subsidiaries of our Company with effect from July 5, 2019. Owing to unavailability of the consolidated financial statements of Sona BV Group for the period 1 April 2019 to 4 July 2019, the consolidated financial information of SONA BV Group for the period 1 April 2019 to 4 July 2019 has not been included in the Restated Consolidated Financial Information for Fiscal Year 2020. For further details, see "Financial Information – Restated Consolidated Financial Information" on page 239; "Management's Discussion and Analysis of Financial Condition and Results of Operations – Acquisition of the Comstar Entities and Divestment of Sona BV and its Subsidiaries" on page 364 and "History and Certain Corporate Matters – Material acquisitions or divestments of business or undertakings, mergers, amalgamations or revaluation of assets in the last 10 years" on page 208.

During Fiscal 2019, there was an increase in the net worth of our Company in the Restated Consolidated Financial Information by ₹ 1,736.00 million. This was primarily on account of profit after tax of ₹ 1,005.65 million of our Company (on a standalone basis) which mostly consists of profits from its business operations and ₹ 726.42 million being share of profit from SONA BV (an erstwhile subsidiary of our Company) largely on account of exceptional profit on the sale of land by that entity during the year.

## Summary of Pro Forma Consolidated Financial Information

(in ₹ million other than share data)			
Particulars	As at and for the Financial Year ended March 31, 2021	As at and for the Financial Year ended March 31, 2020	As at and for the Financial Year ended March 31, 2019
Equity Share capital <sup>(1)</sup>	5,729.80	477.48	277.18
Net worth (total equity)	13,039.01	11,779.41	12,599.30

Particulars	As at and for the Financial Year ended March 31, 2021	As at and for the Financial Year ended March 31, 2020	As at and for the Financial Year ended March 31, 2019
Total income	15,686.41	12,276.74	14,335.01
Profit after tax (attributable to owners)	2,151.65	2,217.22	2,128.75
Basic and diluted earning per share (₹ / share) <sup>(2)</sup>			
- Basic (in ₹) <sup>(3)</sup>	3.76	3.87	3.72
- Diluted (in ₹) <sup>(4)</sup>	3.75	3.87	3.72
Net asset value per Equity Share (basic) (in ₹) <sup>(5)</sup>	22.76	20.56	21.99
Net asset value per Equity Share (diluted) (in ₹) <sup>(6)</sup>	22.75	20.56	21.99
Total borrowings (as per balance sheet) <sup>(7)</sup>	3,662.60	3,067.82	1,691.04
EBITDA <sup>(8)</sup>	4,410.16	3,253.55	4,122.43

<sup>(1)</sup> Includes equity share capital and instruments entirely equity in nature

<sup>(2)</sup> EPS calculation is in accordance with the Indian Accounting Standard (Ind AS) 33 'Earnings per share' prescribed by the Companies (Indian Accounting Standard) Rules, 2015 (as amended)

<sup>(3)</sup> Profit after tax attributable to equity shareholders / Weighted average number of equity shares outstanding as on the reporting date

<sup>(4)</sup> Profit after tax attributable to equity shareholders / Weighted average number of diluted equity shares outstanding as on the reporting date

<sup>(5)</sup> Net worth at the end of the period / Weighted average number of equity shares outstanding as on the reporting date

<sup>(6)</sup> Net worth at the end of the period / Weighted average number of diluted shares outstanding as on the reporting date

<sup>(7)</sup> Total borrowings includes current maturities of long-term borrowings, current maturities of deferred payment liabilities and interest accrued and due on borrowings

<sup>(8)</sup> EBITDA = (profit/ (loss) for the year/ period - other income – exceptional items (non-operating nature) + tax expense + finance costs + depreciation and amortization)

Note: In Fiscal 2020 our Company completed the acquisition of Comstar Entities, pursuant to which, the Comstar Entities became subsidiaries of our Company with effect from July 5, 2019. Our Pro Forma Consolidated Financial Information (to be read in conjunction with "Basis of Preparation of the Pro Forma Consolidated Financial Information" on page 382) as at and for the years ended March 31, 2019, 2020 and 2021, present a theoretical situation to show the impact of the acquisition of Comstar Entities on our Company, including the results of operations and the financial position that would have resulted, had the acquisition of the Comstar Entities been completed at a date prior to the first period presented in the Pro Forma Consolidated Financial Information. Accordingly, our Pro Forma Consolidated Financial Information may not necessarily be indicative of what our actual results of operations, financial position and cash flows would have been for such periods or as of such dates, nor are these intended to be indicative of expected results or operations in the future periods or our future financial position.

For further details, see "Financial Information – Pro Forma Consolidated Financial Information" on page 318; "Management's Discussion and Analysis of Financial Condition and Results of Operations – Acquisition of the Comstar Entities and Divestment of Sona BV and its Subsidiaries" on page 364, "Management's Discussion and Analysis of Financial Condition and Results of Operations – Basis of Preparation of the Pro Forma Consolidated Financial Information on page 382, "Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Accounting policies" on page 371, "History and Certain Corporate Matters –Material acquisitions or divestments of business or undertakings, mergers, amalgamations or revaluation of assets in the last 10 years" on page 208; and "Risk Factors - The Pro Forma Consolidated Financial Information included in this RHP to reflect the acquisition of Comstar Entities is not indicative of our future financial condition or factual financial position or results of operations" on page 29.

## Qualifications of the Statutory Auditors which have not been given effect to in the Restated Consolidated Financial Information

Except as disclosed below, the Restated Consolidated Financial Information does not contain any qualifications by the Statutory Auditors.

The audit reports on the consolidated financial statements issued by us were modified and included following matters giving rise to modifications on the financial statements as at and for the years ended March 31, 2021 and March 31, 2020:

"As stated in note 49 (loss of control over Sona Holding B.V. The Netherlands ("SONA BV") to the accompanying consolidated financial statements, the majority shareholding in Sona Holdings B.V., The Netherlands, the erstwhile subsidiary company, which was classified as a 'discontinued operation' in the consolidated financial statements for previous year ended 31 March 2019, was sold to Sona Autocomp Holdings Private Limited on 4 July 2019, and the Holding Company therefore, did not exercise control over the erstwhile subsidiary company from 5 July 2019. Owing to the unavailability of the consolidated financial statements of such subsidiary company and its subsidiaries ('SONA BV Group') for the period 1 April 2019 to 4 July 2019, the consolidated financial information of SONA BV Group for the period 1 April 2019 to 4 July 2019 ('the current year period') has not been included in the accompanying consolidated financial statements for the year ended 31 March 2020, and the assets and liabilities of SONA BV Group have been derecognized at their respective carrying values as at 31 March 2019 instead of 4 July 2019. The said accounting treatment is not in compliance with the requirements of Ind AS 110 - Consolidated Financial Statements.

Had the accompanying consolidated financial statements been prepared after considering the consolidated financial statements of SONA BV Group for the period 1 April 2019 to 4 July 2019, the "Profit or Loss from discontinued operations" would have been higher and "Exceptional Item" would have been lower by the same amount with no effect on the consolidated profit of the Group for the year ended 31 March 2020 and its equity attributable to the owners on that date. However, in absence of necessary



financial information, we are unable to quantify such impact on the said items in the accompanying consolidated financial statements, and the consequential impact thereof, on the disclosures given under Note 49 as per the requirements of Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations."

For details, see "Restated Consolidated Financial Information" on page 239.

### Summary of Outstanding Litigation

A summary of outstanding litigation proceedings involving our Company, Promoters, Directors and Subsidiaries as on the date of this Red Herring Prospectus, is provided below:

Types of Proceedings	Number of Cases	Amount (in ₹ million)*
<b>Litigation against our Company</b>		
Direct tax proceedings	4	88.28
Indirect tax proceedings	2	15.32
<b>Litigation by our Company</b>		
Material civil proceedings	2	39.5
<b>Litigation against our Directors</b>		
Direct tax proceedings	2	Not ascertainable
<b>Litigation against Comstar Automotive</b>		
Direct tax proceedings	9	178.56
Indirect tax proceedings	1	281.97
<b>Litigation involving Comstar Automotive Technology Services Private Limited</b>		
Direct tax proceedings	1	0.15

\* To the extent quantifiable.

For further details of the outstanding litigation proceedings, see "Outstanding Litigation and Material Developments" beginning on page 399.

### Risk Factors

For details in relation to certain risks applicable to us, see "Risk Factors" beginning on page 26.

### Summary of contingent liabilities

The details of our contingent liabilities as per Ind AS 37 as at March 31, 2021 are set forth in the table below:

Particulars	As of March 31, 2021 (₹ in million)
1) Claims against the Group not acknowledged as debts	
i) Service tax	
Cases pending before appellate authorities in respect of which the Company has filed appeals / show cause notices. (FY 2005-06 to 2007-08)	0.47
ii) Income Tax*	
Cases pending before appellate authorities in respect of which the Company has filed appeal (AY-2013-14)	2.12
Cases pending before appellate authorities in respect of which the Company has filed appeal (AY-2012-13)	3.18
Cases pending before appellate authorities in respect of which the Company has filed appeal (AY-2011-12)	4.21
Cases pending before appellate authorities in respect of which the Company has filed appeal (AY 2016-17)	2.00
Cases pending before the Commissioner of Income Tax in respect of which the Company has filed appeal (AY 2017-18)**	70.78
Cases pending before the Commissioner of Income Tax in respect of which the Company has filed appeal (AY 2018-19)***	3.73
iii) Central Excise Act, 1944	
Cases pending before Directorate General of Goods and Service Tax Intelligence in respect of which the group has filed appeals / show cause notices. (FY 2014-15 to FY 2017-18)	14.85

\* Amount paid under protest of ₹24.48 million.

\*\* Total disputed amount of the case is ₹ 79.40 million (including interest liability) out of which ₹ 8.63 million (including interest liability) has been provided as a provision and balance amount of ₹ 70.78 million (including interest liability) is being disclosed as a contingent liability.

\*\*\* One of the subsidiary company of the group has received an assessment order on April 2, 2021 under section 143(3) for the Assessment Year 2018-19 by disallowing: (i) the deduction claimed under section 35(2AB) of Income Tax Act 1961 (the Act) amounting to ₹ 307.24 million whereas the amount of allowance in Form 3CL amounting to ₹ 266.23 million therefore excess claim of ₹ 41.01 million. Out of the said excess claim of ₹ 41.01 million, the assessing officer has admitted an amount of ₹ 27.34 million as revenue expenditure under section 35(2AB) which otherwise the Company is eligible to claim the same under section 37 of the Act. Therefore, the net disallowance amounting to ₹ 13.67 million (ii) provision for warranty amounting to ₹ 9.00 million was disallowed on the grounds that the same is disallowed during the Assessment Years 2016-17 and 2017-18. Considering the above said disallowances, the

assessing officer has raised a demand of ₹ 3.73 million under section 156 of the Act. The company has intends to file an appeal with the Commissioner of Income Tax-Appeals. Based on professional advice, the Company strongly believes that the case will be decided in their favour and hence no provision has been considered.

For details, see “Restated Consolidated Financial Information – Note 43” beginning on page 304.

## Summary of Related Party Transactions

(in ₹ million)			
Particulars	As at and for the Financial Year ended March 31, 2021	As at and for the Financial Year ended March 31, 2020	As at and for the Financial Year ended March 31, 2019
<b>Transactions with related parties</b>			
<b>(i) Individual/entity exercising control</b>			
Reimbursement of expenses	-	0.80	0.30
Dividend paid	904.02	-	-
Director sitting fee	-	0.17	0.28
Purchase of shares of Comstar Automotive Technologies Private Limited	-	8,293.31	-
Purchase of shares of Comstar Automotive Hongkong Limited	-	227.27	-
Sale of shares of Sona Holding B.V., Netherlands	-	1,399.50	-
Sale of shares of Sona Skill Development Centre Limited	-	-	7.51
Loan received	-	500.00	-
Loan repaid	-	500.00	-
Interest on loan paid	-	33.05	-
Relinquishment of right of put option	19.00	-	-
<b>(ii) Key Management Personnel</b>			
Managerial remuneration	121.58	104.12	92.69
Director sitting fee (non-executive director)	3.60	1.95	1.42
Commission (non-executive director)	27.71	17.74	-
<b>(iii) Entities over which key management personnel are able to exercise significant influence and with whom transactions have taken place during the year/previous year</b>			
Sale of goods	0.14	6.01	17.19
Purchase of goods	-	0.16	1.01
Sales of scrap	-	0.02	-
Purchase of brands	-	-	650.00
Services received	-	3.16	81.84
Lease rent income	-	-	0.13
CSR payment	-	1.00	1.26
<b>Intra-group transactions eliminated upon consolidation</b>			
Sales of goods and services	1,331.25	1,068.33	6,844.66
Interest income	10.26	14.32	51.29
Corporate guarantee fees	-	0.93	3.70
Contribution to	14.76	-	-
Reimbursement of expenses	0.01	-	-
Loans given (net)	-	182.42	188.74
Recovery of loans (net)	-	-	2,159.27
Investment in shares	0.10	-	-
Dividend paid	1,106.37	34.45	-
Purchase of Brand	-	17.37	-
<b>Total (including intra-group transactions) (A)</b>	<b>3,538.80</b>	<b>12,406.08</b>	<b>10,101.29</b>
<b>Total Income (B)*</b>	<b>15,686.41</b>	<b>10,437.65</b>	<b>7,025.01</b>
<b>Aggregated absolute total to total income (A/B) (%)</b>	<b>22.6%</b>	<b>118.9%</b>	<b>143.8%</b>
<b>Details of balances with related parties at year end</b>			
<b>(i) Key Management Personnel</b>			
Payables	0.53	6.90	5.50
<b>(ii) Entities over which key management personnel are able to exercise significant influence and with whom transactions have taken place during the year/previous year</b>			
Payables	-	0.18	593.92
Receivables	-	1.69	0.93
<b>(iii) Entity exercising control</b>			
Receivables	-	0.30	0.30
<b>Intra-group balances eliminated upon consolidation</b>			
Trade and other receivables	564.64	359.25	133.76

Particulars	As at and for the Financial Year ended March 31, 2021	As at and for the Financial Year ended March 31, 2020	As at and for the Financial Year ended March 31, 2019
Loan balance receivable	598.92	818.06	667.28

\* Total Income for Fiscal 2019 is only from continuing operations

For details of the related party transactions and as reported in the Restated Consolidated Financial Information, see “*Restated Consolidated Financial Information – Note 40*” on page 293.

### Issuances of Equity Shares made in the last one year for consideration other than cash

Except as disclosed below, our Company has not issued any Equity Shares through bonus issue or for consideration other than cash in the one year preceding the date of this Red Herring Prospectus:

Date of Allotment	Number of Equity Shares Allotted	Face Value (₹)	Issue price per Equity Share (₹)	Reason for allotment	Benefit accrued to our Company
February 10, 2021	525,232,180	10	-	Bonus issue in the ratio of 11:1 <sup>(1)</sup>	-

<sup>(1)</sup> Bonus issue of 177,108,162 Equity Shares to Sona Autocomp, 348,123,886 Equity Shares to Singapore VII Topco III Pte. Ltd., 66 Equity Shares to RK Family Trust, 11 Equity Shares to Sharad Kapur (nominee of deceased shareholder, Jug Mohan Kapur), 11 Equity Shares to Kiran Manohar Deshmukh, 11 Equity Shares to Ranganathan Balaji, 11 Equity Shares to Munish Sapra and 22 Equity Shares to Inder Khurana pursuant to resolutions of our Board dated January 27, 2021 and February 10, 2021 and resolution of our Shareholders dated January 30, 2021.

For details, see “*Capital Structure – Share Capital History of our Company*” on page 77.

### Financing Arrangements

There have been no financing arrangements whereby the Promoters, members of their respective Promoter Groups, our Directors, directors of our Corporate Promoters, and their relatives have financed the purchase by any other person of securities of our Company (other than in the normal course of the business of the relevant financing entity) during a period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus and this Red Herring Prospectus.

### Weighted average price at which the Equity Shares were acquired by the Promoters and the Selling Shareholder in the one year preceding the date of this Red Herring Prospectus

The weighted average price at which the Equity Shares were acquired by the Promoters including the Selling Shareholder (Singapore VII Topco III Pte. Ltd.) in the one year preceding the date of this Red Herring Prospectus is:

S. No.	Name of Shareholder	Weighted average price per Equity Share (in ₹)
1.	Singapore VII Topco III Pte. Ltd.*	32.07**

\* The Selling Shareholder.

\*\* For calculation, the Equity Shares on conversion of Preference Shares and bonus shares on such Equity Shares have been considered. In addition to above, our Company has issued bonus shares to Promoters on existing equity shares at nil value.

### Average Cost of Acquisition for Promoters and Selling Shareholder

The average cost of acquisition per Equity Share acquired by the Promoters which includes the Selling Shareholder (Singapore VII Topco III Pte. Ltd.), as on the date of this Red Herring Prospectus is:

S. No.	Category of Shareholders	Number of Equity Shares acquired	Average cost of Acquisition per Equity Share (in ₹)
<i>Promoters</i>			
1.	Sona Autocomp Holding Private Limited	193,208,904	5.81
2.	Singapore VII Topco III Pte. Ltd.*	379,771,512	32.34
3.	Sunjay Kapur	NA	NA

\*The Selling Shareholder.

### Details of pre-IPO placement

Our Company is not contemplating a pre-IPO placement.

**Split or Consolidation of Equity Shares in the last one year**

Our Company has not undertaken split or consolidation of the Equity Shares in the last one year preceding the date of this Red Herring Prospectus.

## SECTION II: RISK FACTORS

*An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares.*

*We have described the risks and uncertainties that our management believes are material, but these risks and uncertainties are not the only risks relevant to us, or the Equity Shares or the industry and the segments in which we currently operate or propose to operate. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks mentioned in this section. If any or a combination of the following risks actually occur, or if any of the risks that are currently not known or deemed to be not relevant or material now actually occur or become material in the future, our business, prospects, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and you may lose all or part of your investment. Further, some events may be material collectively rather than individually. To obtain a more detailed understanding of our business and operations, please read this section in conjunction with the sections titled “Industry Overview”, “Our Business”, “Key Regulations and Policies in India”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Outstanding Litigation and Material Developments” on pages 108, 167, 196, 361 and 399, respectively, as well as other financial and statistical information contained in this Red Herring Prospectus.*

*In making an investment decision, you must rely on your own examination of us and the terms of the Offer, including the merits and risks involved, and you should consult your tax, financial and legal advisors about the particular consequences of investing in the Offer.*

*Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment which may differ in certain respects from that of other countries.*

*This Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including but not limited to the considerations described below, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 167 and 361. For details, see “Forward-Looking Statements” on page 18.*

*Data included in this section in relation to certain operating metrics, financial information not otherwise included in the Pro Forma Consolidated Financial Information, and certain business information and data (such as income from sale of goods with end-use in North America, Europe, India and China, income from sale of goods from our top ten customers and income from sale of goods derived from the BEV market, among others) have been reviewed and verified by SCV & Co. LLP, Chartered Accountants.*

*In Fiscal 2020 our Company completed the acquisition of Comstar Entities. We have included in this Red Herring Prospectus, the Pro Forma Consolidated Financial Information (to be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Basis of Preparation of the Pro Forma Consolidated Financial Information” on page 382) as at and for the years ended March 31, 2019, 2020 and 2021, to show the impact of the acquisition of Comstar Entities on our Company, including the results of operations and the financial position that would have resulted had the acquisition of Comstar Entities been completed at a date prior to the first period presented in the Pro Forma Consolidated Financial Information. Further, the erstwhile subsidiary, SONA BV, and its subsidiaries, and the erstwhile associate, Sona Skill Development Centre Limited, have not been considered for consolidation in the Pro Forma Consolidated Financial Information. For further details, see “Financial Information – Pro Forma Consolidated Financial Information” on page 318; “History and Certain Corporate Matters – Material acquisitions or divestments of business or undertakings, mergers, amalgamations or revaluation of assets in the last 10 years” on page 208; and see “Risk Factors - The Pro Forma Consolidated Financial Information included in this RHP to reflect the acquisition of Comstar Entities is not indicative of our future financial condition or factual financial position or results of operations” on page 29.*

*Unless otherwise stated, or the context otherwise requires, the financial information used in this section is derived from our Pro Forma Consolidated Financial Information included in this Red Herring Prospectus on page 318.*

*Unless otherwise indicated, industry and market data used in this section has been derived from the report titled “Assessment of Indian market potential for specific precision forged and electrical components” dated January 2021 prepared and released by CRISIL (the “**CRISIL Report**”) and report titled “Global and Indian Automotive Market Overview” dated February 15, 2021 prepared and released by Ricardo (the “**Ricardo Report**” and together with the CRISIL Report, referred to as the “**Industry Reports**”), which are paid reports and have been commissioned by us exclusively in connection with the Offer. Neither we, nor any of the BRLMs, nor any other person connected with the Offer has verified any information in these Industry Reports. Unless otherwise indicated, all financial information derived from the Pro Forma Consolidated Financial Information and operational, industry, and other related information included in this section with respect to any particular year, refers to such information for the relevant financial year.*

## Risks Relating to Our Business and Industry

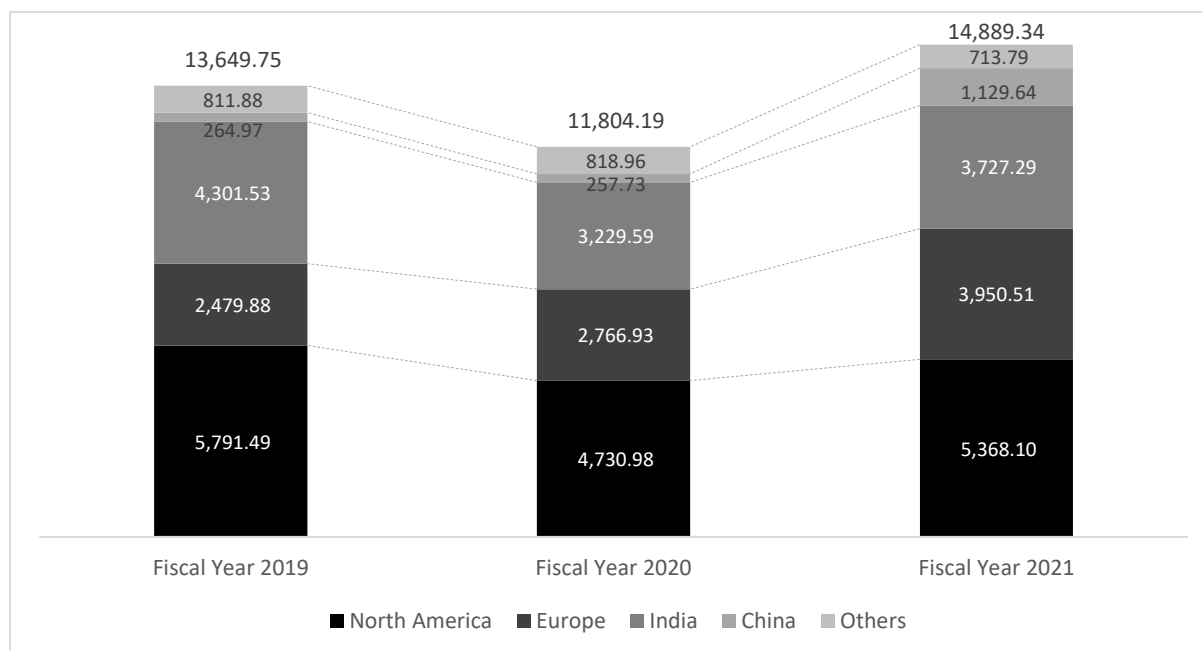
1. *Our business is dependent on the performance of the automotive sector globally, including in our key markets such as US, Europe, India and China. Any adverse changes in the conditions affecting these markets can adversely impact our business, results of operations and financial condition.*

Our business is dependent on the performance of the automotive sectors in US, Europe, India and China. We design, engineer, manufacture and supply our systems and components for both electrified and non-electrified powertrain segments across all vehicle categories such as PV, CV and OHV both in the Indian and overseas markets. For Fiscal 2021, we derived 36.1% (₹5,368.10 million), 26.5% (₹3,950.51 million), 25.0% (₹3,727.29 million), and 7.6% (₹1,129.64 million) of our income from sale of goods with end-use in North America, Europe, India and China, respectively. We are therefore exposed to fluctuations in the performance of the automotive markets in US, Europe, India, and China.

The table below sets forth the breakdown of our sale of goods across geographic markets, and as a percentage of our total sale of goods for the periods indicated.

	For Fiscal Year 2019		For Fiscal Year 2020		For Fiscal Year 2021	
Sale of Goods	₹13,649.75 million		₹11,804.19 million		₹14,889.34 million	
	Sale of Goods (in ₹ million)	% of Sales of Goods	Sale of Goods (in ₹ million)	% of Sales of Goods	Sale of Goods (in ₹ million)	% of Sales of Goods
North America	5,791.49	42.4%	4,730.98	40.1%	5,368.10	36.1%
Europe	2,479.88	18.2%	2,766.93	23.4%	3,950.51	26.5%
India	4,301.53	31.5%	3,229.59	27.4%	3,727.29	25.0%
China	264.97	1.9%	257.73	2.2%	1,129.64	7.6%
Others	811.88	6.0%	818.96	6.9%	713.79	4.8%

The graph below sets forth the growth and decline in our sale of goods for the periods indicated:



During Fiscal 2020 compared to Fiscal 2019, our income from sale of goods decreased in North America, India and China by 18.3% (₹1,060.51 million), 24.9% (₹1,071.94 million) and 2.7% (₹7.24 million), respectively, due to the global slowdown in the automotive industry in Fiscal 2020 and consequently, reduced demand for our automotive systems and components. According to the CRISIL Report, in Fiscal 2020, the CV, PV and tractor markets in India experienced a decrease in sales volumes by 29%, 18% and 10%, respectively. In Europe, our income from sale of goods increased by 11.6% to ₹2,766.93 million in Fiscal 2020 from ₹2,479.88 million in Fiscal 2019, primarily due to commencement of sales against new programs of our customers. During Fiscal 2021 compared to Fiscal 2020, our income from sale of goods increased in North America, Europe, India and China by 13.5% (₹637.12 million), 42.8% (₹1,183.58 million), 15.4% (₹497.70 million), and 338.3% (₹871.92 million) respectively, primarily due to start/ramp-up of supplies under new customer orders or programs. Increase in sale of goods in India during Fiscal 2021 was also attributed to higher sales in OHV segment.

According to the Ricardo Report, global light vehicle production has remained flat between calendar years 2015 to 2019 and declined by approximately 18% in calendar year 2020 due to the COVID-19 pandemic. In particular, the light vehicle market

experienced decreased production volume in North America, Europe, India and China by 4.4%, 4.1%, 9.8% and 8.6%, respectively, in calendar year 2019 and 20.5%, 22.4%, 24.3% and 7.7%, respectively, in calendar year 2020, according to the Ricardo Report.

The automotive market in India may perform differently, and be subject to market and regulatory developments that are dissimilar to the automotive markets in other parts of the world. We cannot assure you that the demand for our products in India will grow, or will not decrease, in the future. According to the CRISIL Report, in Fiscal 2020, the CV, PV and tractor markets in India experienced an aggregate decrease in sales volumes by 29%, 18% and 10%, respectively.

Further, our operations are cyclical because our sales are directly dependent on the level of automotive production globally and affected by inventory levels of automotive manufacturers, which has been characterized historically by significant periodic fluctuations in overall demand for vehicles to which we supply products, resulting in corresponding fluctuations in demand for our products. The length and timing of any cycle in the vehicle industry cannot be predicted with certainty. We cannot predict when manufacturers will decide to either build or reduce inventory levels or whether new inventory levels will approximate historical inventory levels. Production and sales of the vehicles for which we supply products are affected by, among other things, a variety of other factors that are beyond our control, including changes in government policies, changes in consumer demand, product mix shifts favoring other types of vehicles, fuel prices, vehicle electrification, economic conditions, demographic trends, employment and income levels and interest rates, disruptions in the automotive supply chain, vehicle age, labor relations, regulatory requirements, credit availability and cost of credit, interest rates and general economic and industry conditions. In the past, we have experienced sales declines during the manufacturers' scheduled shutdowns or shutdowns resulting from unforeseen events. Further, in Fiscal 2020 our sales were negatively impacted by the sharp slowdown in the Chinese and global automotive markets on account of the COVID-19 pandemic and other reasons. In Fiscal 2021, our sales were adversely impacted by the outbreak of the COVID-19 pandemic. There is no assurance that global automotive sales will continue to recover or not decrease further.

Reduced demand in the market segments we currently supply, deterioration in the automotive market, continued uncertainty and other unexpected fluctuations or change in regulations, customs, taxes or other barriers or restrictions adversely affecting the automotive market, particularly US, Europe, India and China, could have a material adverse impact on our business, results of operations and financial condition.

**2. *Our Statutory Auditors have included an audit qualification in their examination report on Restated Consolidated Financial Information in relation to our erstwhile subsidiary, Sona Holdings B.V., The Netherlands ("SONA BV") for the year ended March 31, 2020.***

Our Statutory Auditors have included an audit qualification in relation to our Restated Consolidated Financial Information for Fiscal 2020 for the matter stated below, while mentioning that it does not have any effect on our consolidated profit and equity attributable to the owners for Fiscal 2021. The qualification states that due to the unavailability of the consolidated financial statements of SONA BV and its subsidiaries ("SONA BV Group") for the period from April 1, 2019 to July 4, 2019, the consolidated financial information of SONA BV Group for the period from April 1, 2019 to July 4, 2019 has not been included in our consolidated financial statements for Fiscal Year 2020, and the assets and liabilities of SONA BV Group have been derecognized at their respective carrying values as at March 31, 2019 instead of July 4, 2019. This is because 81% shareholding in SONA BV, which was classified as a "discontinued operation" in the consolidated financial statements for Fiscal Year 2019, was sold to Sona Autocomp on July 4, 2019, and consequently, our Company, did not exercise control over Sona BV from July 5, 2019. Our Statutory Auditors have stated in their audit opinion that this accounting treatment is not in compliance with the requirements of Ind AS 110 - Consolidated Financial Statements and had the consolidated financial statements of the Company been prepared after considering the consolidated financial statements of SONA BV Group for the period April 1, 2019 to July 4, 2019, the "Profit or Loss from discontinued operations" would have been higher and "Exceptional Item" would have been lower by the same amount. However, it would have had no effect on our consolidated profit for the year ended March 31, 2020 and equity attributable to our owners on that date. The qualification also states that in absence of necessary financial information, owing to the insolvency proceedings and acquisition of the businesses by a third party, despite the best efforts of the management of the Company, substantiated by multiple communications over electronic mail, our Company was unable to obtain the audited consolidated financial statements of SONA BV for the period from April 1, 2019 to July 4, 2019 until the date of the examination report of the Restated Consolidated Financial Information. Accordingly, the modification in the auditor's report dated April 27, 2021, could not be adjusted in the Restated Consolidated Financial Information for Fiscal 2020. Consequently, our auditors were unable to quantify its impact on the said items in the accompanying Restated Consolidated Financial Information and thus our Restated Consolidated Financial Information for Fiscal 2020 may not be comparable to Fiscal 2021 with respect to this matter. Investors should carefully understand the qualification and its implications while placing reliance on our Restated Consolidated Financial Information for Fiscal 2020.

For further details concerning the qualification noted in our audit report for the Restated Consolidated Financial Information, please see "Restated Consolidated Financial Information" on page 239, "Management's Discussion and Analysis Of Financial Condition and Results of Operations – Qualification included by Auditors" on page 397 and "History and Certain Other Corporate Matters" on page 200.

**3. *The Pro Forma Consolidated Financial Information included in this RHP to reflect the acquisition of Comstar Entities is not indicative of our future financial condition or factual financial position or results of operations.***

In Fiscal 2020, our Company completed the acquisition of the Comstar Entities, pursuant to which, Comstar Entities became Subsidiaries of our Company with effect from July 5, 2019. For further details on the acquisition, see “*History and Certain Corporate Matters – Material acquisitions or divestments of business or undertakings, mergers, amalgamations or revaluation of assets in the last 10 years*” on page 208 and “*Management’s Discussion And Analysis Of Financial Condition and Results of Operations – Acquisition of the Comstar Entities and Divestment of Sona BV and its Subsidiaries*” on page 364.

Our Pro Forma Consolidated Financial Information as at and for the Fiscal Years 2019, 2020 and 2021 present the impact of the acquisition of Comstar Entities on our Company, including the results of operations and the financial position that would have resulted, had the acquisition of the Comstar Entities been completed at a date prior to the first period presented in the Pro Forma Consolidated Financial Information. Further, the erstwhile subsidiary, SONA BV, and its subsidiaries, and the erstwhile associate, Sona Skill Development Centre Limited, have not been considered for consolidation in the Pro Forma Consolidated Financial Information. Accordingly, our Pro Forma Consolidated Financial Information for Fiscal Years 2019 and 2020 may not necessarily be indicative of what our actual results of operations, financial position and cash flows would have been for such periods or as of such dates, nor are these intended to be indicative of expected results or operations in the future periods or our future financial position. For further details, see “*Financial Information – Pro Forma Consolidated Financial Information*” on page 318. Our Pro Forma Consolidated Financial Information does not include all of the information required for financial statements under Indian GAAP or Ind AS and should be read in conjunction with the “*Basis of Preparation of the Pro Forma Consolidated Financial Information*” on page 382 and “*Accounting policies*” appearing in the Restated Consolidated Financial Information and Pro Forma Consolidated Financial Information included in this Red Herring Prospectus. Further, our Pro Forma Consolidated Financial Information were not prepared in connection with an offering registered with the SEC under the U.S. Securities Act and consequently do not comply with the SEC’s rules on presentation of pro forma financial information. Accordingly, the degree of reliance placed by investors in other jurisdictions on our Pro Forma Consolidated Financial Information should be limited.

**4. *Negative publicity about our brand, or our inability to protect any of our intellectual property, including misappropriation, infringement or passing off of our intellectual property rights or failure to obtain our patents or failure to keep our technical knowledge confidential could have impact on our business and in turn on results of operation or financial condition and cash flows.***

We keep investing in our intellectual properties, brands and obtain registration with the relevant authority thereof, from time to time, and expect to continue doing the same. Our portfolio of brands, among others, comprise of “SONA Driving Tomorrow”, “Comstar”, “Sona BLW”, “Sona” and “SONA COMSTAR”. Any negative publicity about our brand(s) could affect our brand value and, in turn, our ability to attract and/or retain customers.

We have licensed use of our brand “Sona” to Sona Skill Development Centre Limited, Sona Autocomp Holding Private Limited, Sona Management Services, Sona BV and its subsidiaries for a certain limited period. For further details see, “*History and Certain Corporate Matters – Key terms of other subsisting material agreements*” on page 212. We have no control over the operations of these entities. Any misadventure or adverse action by any of these entities could affect their reputation or harm the brand value, which could also have an adverse impact on our reputation, and in turn on our business, results of operations, financial condition and cash flows.



Some of our applications for registration of our device mark **SONA COMSTAR** under Classes 7 and 12 and word mark ‘Sona Comstar’ under class 12 have been opposed by a third party. There can be no assurances that these applications will be successful or that we will be able to register these marks. Any unauthorized use of our intellectual property rights by third parties could adversely affect our reputation. Some unrelated third parties have registered mark “Sona” under various classes. We may be required to resort to legal action to protect our intellectual property rights, which may strain our resources and divert the attention of our management.

We have initiated legal proceedings before the High Court of Delhi against certain parties, for unauthorized use of the “SONA” brand and have, among other things, sought for a permanent injunction restraining such persons from using the trademark/trade name/logo “SONA”. The matter is still pending. For further details see, “*Outstanding Litigation and Other Material Developments*” on page 399. Any adverse outcome in such legal proceedings or any other proceeding(s) that we may initiate in future our failure to successfully enforce our intellectual property rights may have an adverse effect on our business, results of operations and cash flows.

We also keep on filing application(s) for patents covering a variety of our products across various product lines globally. We hold assignment of license rights in relation to eight patents in USA. We have been granted one patent in USA, one patent in China and one patent in the United Kingdom and await 21 patent approvals in India. Our applications may be opposed, or our competitors may have filed similar patent application(s) or may own patents relating to product(s) or process(s) that compete



with those that we are developing or are seeking to protect. Our efforts in obtaining our patents may be costly and, unsuccessful. We cannot assure you that we will be granted patent(s) that we apply for, in a timely manner, or at all. Even if we are successful in obtaining patent(s) with respect to our pending application(s), third parties may challenge, seek to invalidate or circumvent our patent(s) and patent application(s). Although we may defend our patent rights, there can be no assurance that our action will be successful. Moreover, patent litigation may be costly and unpredictable.

As a technology and innovation driven company, with strong focus on R&D, we possess extensive technical knowledge about our products which has been built up through our own experiences and significant investment in our in-house R&D capabilities. Our total expenditure on R&D amounted to ₹244.04 million, ₹404.49 million and ₹915.03 million during Fiscal Years 2019, 2020 and 2021, respectively. Our R&D expenditures as a percentage of our revenue from operations were 1.7%, 3.3% and 5.8% for Fiscal Years 2019, 2020 and 2021, respectively. As at March 31, 2021, we had 186 on-roll employees engaged in R&D activities. We have also established digital simulations, testing and validation facilities in three R&D centers located at Gurugram and Chennai in India.

Our technical knowledge is a significant independent asset, which may not be adequately protected by intellectual property rights such as patent registration. Some of our technical knowledge is protected only by secrecy. As a result, we cannot be certain that our technical knowledge will remain confidential in the long run. Certain proprietary knowledge may be leaked, either inadvertently or wilfully. A significant number of our employees have access to confidential design and product information and there can be no assurance that this information will remain confidential. Moreover, certain of our employees may leave us and join our various competitors or form a competing business. Although we may seek to enforce non-disclosure agreements in respect of R&D and certain other key employees, we cannot guarantee that we will be able to successfully enforce such agreements. We also enter into non-disclosure and non-solicitation agreements with a number of our customers and suppliers but we cannot assure you that such agreements will be enforceable or successful in protecting our technical knowledge. The potential damage from such disclosure is increased as many of our designs and products are not patented, and thus we may have no recourse against copies of our products and designs that enter the market subsequent to such leakages. In the event that the confidential technical information in respect of our products or business becomes available to third parties or to the general public, any competitive advantage we may have over other companies in the automotive components sector could be harmed. If a competitor is able to reproduce or otherwise capitalize on our technology, it may be difficult, expensive or impossible for us to obtain necessary legal protection. Consequently, any leakage of confidential technical information could have an adverse effect on our business, results of operations, financial condition and future prospects.

**5. *Our business largely depends upon our top ten customers and the loss of such customers or a significant reduction in purchases by such customers will have a significantly adverse impact on our business. The discontinuation or loss of business with respect to, or a lack of commercial success of, a particular vehicle model for which we are a significant supplier could adversely affect our business and results of operations.***

We derive a significant portion of our revenue from our top ten customers. For Fiscal Years 2019, 2020 and 2021, income from sale of goods to our top ten customers amounted to ₹10,794.03 million, ₹9,536.74 million and ₹11,858.81 million, respectively, representing 79.0%, 80.8% and 79.6% of our total income from sale of goods for Fiscal Years 2019, 2020 and 2021, respectively, of which, income from sale of goods to our top three customers amounted to ₹5,733.06 million, ₹5,302.87 million and ₹6,770.19 million, representing 42.0%, 44.9% and 45.4% of our total income from sale of goods for Fiscal Years 2019, 2020 and 2021, respectively. Further, two of our largest customers that together accounted for approximately 41.8% (₹5,711.14 million), 43.5% (₹5,139.33 million) and 32.3% (₹4,819.48 million) of our total income from sale of goods for Fiscal Years 2019, 2020 and 2021, form part of a single global automotive group.

Loss of all or a substantial portion of sales to any of our top ten customers, in particular, our top two customers, for any reason (including, due to loss of contracts or failure to negotiate acceptable terms in contract renewal negotiations, loss of market share of these customers, lack of commercial success of key parts that we manufacture, disputes with customers, adverse change in the financial condition of such customers, including due to possible bankruptcy or liquidation or other financial hardship, merger or decline in their sales, reduced or delayed customer requirements, plant shutdowns, labor strikes or other work stoppages affecting production by such customers) and/or, continued reduction of prices to these customers, could have an adverse impact on our business, results of operations, financial condition and cash flows. These customers may demand price reductions, set off any payment obligations, require indemnification for themselves or their affiliates, change their outsourcing strategy by moving more work in house, replace us with our competitors, or replace their existing products with alternative products which we do not supply. For risks related to contractual arrangements with our customers, see “– Our Company may not realize all of the revenue expected from our new and incremental business backlog and does not have firm commitment agreements with customers.” below. There can be no assurance that we will not lose all or a portion of sales to these customers, or that we will be able to offset any reduction of prices to these customers with reductions in our costs or by obtaining new customers.

Further, under the engineering statement of work, our customers provide us with program specific sourcing confirmations, including specific part numbers, volume projections of their requirements for the specific program, program life and supply locations. As our orders are linked to specific vehicles/models and are not generally interchangeable with other models/vehicles, the discontinuation of, loss of business with respect to, or a lack of commercial success of, a particular vehicle model, for which

we are a significant supplier could reduce our sales and affect our estimates of anticipated sales, which could in turn have an adverse effect on our business and results of operations. We are also exposed to the risk of failure by our customers to successfully launch new programs in a timely and cost efficient manner which could adversely affect our results of operations.

**6. *Our Company may not realize all of the revenue expected from our new and incremental business backlog and does not have firm commitment agreements with customers.***

The amount of our sales to the customers, including the realization of future sales from awarded business or obtaining new business or customers, is inherently subject to a number of risks and uncertainties, including the accuracy of customer estimates relating to the number of vehicles to be produced and sold and the timing of such production. Typically, we participate in a lengthy and rigorous vendor selection process with our customers, which can take up to two to three years from the date of issue of a request for information or request for quote for securing business. Upon winning a program, we expect to receive all or a sizable portion of revenue from the development program. However, there is no assurance in relation to the sales volumes and revenue that the program will eventually generate for us. Further, our customers may delay or cancel a development program that has been awarded to us due to various reasons. For example, as a result of the COVID-19 pandemic, four of our development programs which were due to commence production in Fiscal Year 2021 have been delayed. Since we do not have firm commitment or long term supply agreements with our customers, and instead rely on letters of intent, purchase orders, statements of work and customer schedules to govern the volume and other terms of the development program and sales, which may be amended or cancelled prior to finalization, we may not have any recourse in the event of an unexpected delay or cancellation of a development program. We base our growth projections, in part, on volume projections given to us by our customers. Under the letter of intent and statement of work, our customers provide us only with forecast volume for the program and there is no commitment on the part of the customer to purchase the quantities specified in the volume projections. Such volume projections are based on a number of economic and business factors, variables and assumption, some or all of which may change or may not be accurate. Accordingly, our order book and growth projections are not necessarily an accurate indication of what our actual sales and revenues from such orders will be, nor does it purport to project our results of operations, financial position or cash flows for any future period or date.

Further, our purchase orders with customers are generally open-ended in terms of period and quantity to be supplied. Pursuant to the purchase order, our customers provide program specific delivery schedules throughout the period of the program which specify the details of delivery. The purchase orders are valid as long as the customers require the specific components from us. Accordingly, there is no commitment on the part of the customer to continue to place new work orders with us and as a result, our sales from period to period may fluctuate significantly as a result of changes in our customers' vendor preferences or the discontinuation of, loss of business with respect to, or a lack of commercial success of, a particular vehicle model or program or platform. Our customers may terminate their arrangements with us for cause or otherwise with notice, including on account of change of control of our Company, strikes or lock-outs at the premises of our suppliers and non-compliance with contractual obligations such as stringent standards for product quality and quantity as well as delivery schedules, and in certain cases have no liability to pay or reimburse for lost profits, unabsorbed overhead, capital investment made by us, product development and engineering costs, facilities and equipment rental and other related costs such as penalties or administrative charges incurred directly or indirectly by our Company in connection with cancelled orders. In addition, we do not have exclusive contracts with some of our large customers, which entitles them to replace us with another supplier under certain circumstances. Accordingly, we may not in fact realize all of the future sales represented by our awarded business. Any failure to realize substantially all the revenue from these sales and our new and incremental business backlog, could have a material adverse impact on our business, cash flows, financial condition and results of operations.

**7. *The COVID-19 pandemic, or a similar public health threat, could adversely affect our business, financial condition, and results of operations.***

An outbreak of the COVID-19 was recognized as a pandemic by the World Health Organization ("WHO"), on March 11, 2020. In response to the COVID-19 pandemic, the governments of many countries, including India, US, Europe and China have taken preventive or protective actions, such as imposing country-wide lockdowns, restrictions on travel and business operations and advising or requiring individuals to limit their time outside of their homes. Individuals' ability to travel both within and outside of India have been curtailed through mandated travel restrictions and may be further limited. Since May 2020 some of these measures had been lifted and partial travel had been permitted. However, continuing into Fiscal 2021, the world has been, and continues to be, impacted by the COVID-19 pandemic. Resurgence of the virus or a variant of the virus in March 2021 that causes a rapid increase in cases and deaths has resulted in several Indian states and countries re-imposing lockdown restrictions to control the impact of the ongoing COVID-19 pandemic, which if prolonged may cause significant economic disruption in India and the rest of the world. These measures have impacted and may have a further impact on our workforce and operations in India and overseas jurisdictions in which we operate, the business of our customers and suppliers. COVID-19 impacts that had subsided may again impact our business in the future and new impacts may emerge, particularly given the rise of COVID-19 cases in India in the first half of 2021.

The COVID-19 pandemic has led to a significant downturn in the global economy and substantial curtailment of business activities worldwide, which adversely affected, and may adversely affect in the future, our results of operations, financial

condition and cash flows. The resultant disruptions to the supply chain and reduced levels of orders, consumer spending and industrial production in the affected countries has precipitated an economic slowdown in those economies which, if prolonged, could cause a global recession. A significant portion of our income is derived from sale of goods with end-use in the overseas markets, including North America, Europe and China. We also have assembly plants and warehouses across USA, China, Mexico, Germany and Belgium and sell our products in various countries outside India. The COVID-19 pandemic and the related preventive and protective actions had impacted our business through complete suspension of activities at our manufacturing and assembly facilities in India and overseas jurisdictions.

The table below sets forth the periods during which our manufacturing and assembly facilities were shut down due to the COVID-19 pandemic.

	Period of shut down	Duration of shutdown (in number of working days)
China	• December 30, 2019 until February 9, 2020	35
Mexico	• April 1, 2020 until May 20, 2020; and • December 24, 2020 until January 3, 2021	43
USA	• March 20, 2020 until May 16, 2020	41
Chennai	• March 23, 2020 until May 8, 2020; and • June 8, 2020 until July 6, 2020	56
Three units in Gurugram	• March 23, 2020 until May 3, 2020	29
Manesar	• March 23, 2020 until April 23, 2020	23
Pune	• March 23, 2020 until May 17, 2020	40

As a result, in Fiscal 2020 and the period thereafter during which our manufacturing facilities were shut down, we experienced overall low consumer demand in the automotive markets, and consequently low orders from our customers for our systems and components. Although lockdown was partially and gradually eased since May 2020, as a result of the movement restrictions in India and globally to curb the spread of the COVID-19 pandemic, production in our manufacturing facilities was adversely impacted due to manpower constraints, supply chain disruption, disruption in timely availability and transportation of raw materials, unavailability of personnel, delays in obtaining local approvals and clearances and cash flow challenges of suppliers and contractors. For example, four of our development programs which were due to commence production in Fiscal Year 2021 have been delayed. There is no assurance how long the lockdown restrictions and advisories may be in place or when commercial and industrial activities will return to pre-pandemic levels even after such restrictions or advisories are lifted.

After commencement of operations at our manufacturing facilities due to easing of lockdown measures, production levels at our manufacturing facilities returned to pre-COVID levels as set forth below.

China	February, 2020
Mexico	November, 2020
USA	May, 2020
Chennai	July, 2020
Three units in Gurugram	July, 2020
Manesar	July, 2020
Pune	July, 2020

Due to the lockdown imposed during the COVID-19 pandemic and consequent breakdown of the supply chain, some of our suppliers invoked force majeure clauses under their agreements with us, requesting for extension in delivery duration. Our customers may also face financial difficulties due to the effects of the COVID-19 pandemic, which may lead to difficulties for us to collect our accounts receivables and increased risks of incurring bad debt. Due to the impact of the COVID-19 pandemic, our income from sale of goods in the quarter ended June 30, 2020 was ₹1,355.06 million, which was lower by 54.3% compared to ₹2,968.28 million in the immediately previous quarter. Therefore, the receivables outstanding as on June 30, 2020 were lower compared to March 31, 2020. However, we did not incur any doubtful or bad debts against receivables during this period. Thereafter, the income from sale of goods in quarters ended September 30, 2020, December 31, 2020 and March 31, 2021 was higher at ₹3,648.27 million by 169.2%, ₹4,681.34 million by 28.3% and ₹5,204.67 million by 11.2%, over the respective previous quarters, in each case and accordingly, our receivables outstanding and trade payables in these quarters were also higher. Our receivables amounted to ₹4,169.87 million as on March 31, 2021, which was 78.5% higher as compared to ₹2,336.28 million as

on March 31, 2020. Our trade payables were ₹2,241.09 million as on March 31, 2021, which was 92.8% higher as compared to ₹1,162.25 million as on March 31, 2020.

Our cash and liquidity needs are impacted by the level, variability and timing of our customers' worldwide vehicle production and other factors outside of our control. If the global economy experiences significant decline in the future, our results of operations, financial condition and cash flow could be materially adversely affected. Given that there are fixed costs associated with our business operations, it may be difficult to adjust our cost base to the extent necessary, to withstand a complete and prolonged lockdown situation like COVID-19 and can result in non-cash impairment charges as the value of certain long-lived assets is reduced. As a result, our financial condition and results of operations may be adversely affected during periods of prolonged declining production and sales volumes in one or all of our product segments. The negative impact on our financial condition and results of operations from continued volume declines could also have negative effects on our liquidity. If cash flows are not available from our operations, we may be required to rely on the banking and credit markets to meet our financial commitments and short-term liquidity needs. However, we cannot predict whether that funding will be available at all or on commercially reasonable terms.

In response to the COVID-19 pandemic, we have taken active measures to promote health and safety and social distancing efforts, including providing for PPEs, masks, hand sanitizers, and gloves to employees in our manufacturing facilities and in affected areas, staggered working shifts at our manufacturing and assembly plants and working closely with health authorities for obtaining approvals to commence operations at our plants and to enact and enforce safety guidelines. In addition, as part of our risk management policy, we developed a mobile phone based application for our employees to report their health status on a daily basis and also implemented a safety SOP applicable for our employees travelling between workplace and home, inside shop safety management practices including vendor safety management and measures to check vehicles entering and leaving our premises and employees returning to the workplace after easing of lockdown. However, our efforts may not be successful and we may not have sufficient protection or recovery plans to continue to deal with the COVID-19 pandemic or similar public health threats in the future, which may negatively affect our ability to meet demands of our customers and may increase the costs of our production and sales. In connection with public health threats, we may also be required to temporarily close our manufacturing facilities, R&D centers and warehouses, which may impact productivity and otherwise disrupts our business operations. In addition, the current outbreak of the COVID-19 pandemic has resulted in a widespread global health crisis and adversely affected global economies and financial markets, and similar public health threats could do so in the future as well. Such events have impacted, and could in the future impact, demand for automobiles and consumer purchase patterns, which in turn, could adversely affect our revenue and results of operations.

Even if a virus or other disease does not spread significantly and such measures are not implemented, the perceived risk of infection or significant health risk may adversely affect our business. Manufacturing facilities may be perceived as unsafe during such public health threats. If any of our workforce or our manufacturing plants, R&D centers and warehouses are identified as a possible source of spreading COVID-19, or if there is a public perception that such risk exists, our facilities may have to be shut-down and our business operations may be adversely affected. Any negative impact on consumers' willingness or ability to purchase automobiles or automobile components, consumers' willingness or ability to make purchase orders, could adversely affect our business, financial condition, and results of operations.

Due to the impact of the COVID-19 pandemic, consumer demand in the automotive sector was adversely affected during the quarters ended March 31, 2020 and June 30, 2020 as a result of which, our restated consolidated income from sale of goods was ₹2,968.28 million and ₹1,355.06 million, respectively for these quarters. Our restated consolidated income from sale of goods increased to ₹3,648.27 million during the quarter ended September 30, 2020, an increase by 169.2% as compared to the immediately previous quarter and further to ₹4,681.34 million during quarter ended December 31, 2020 representing a growth of 64.6% in our restated consolidated income from sale of goods as compared to ₹2,844.00 million for the quarter ended December 31, 2019. Similarly, Our Pro Forma consolidated income from sale of goods for Fiscal 2021 was ₹14,889.34 million, which showed a year on year growth of 26.1% in our Pro Forma consolidated income from sale of goods of ₹11,804.19 million for Fiscal 2020. It is not possible to accurately predict the full impact of the COVID-19 pandemic on our business, financial condition and results of operations due to the evolving and varying nature of the COVID-19 pandemic and the extent of its impact across industries and geographies and numerous other uncertainties, including the duration and spread of the pandemic, additional actions that may be taken by governmental entities, the further impact on our customers, suppliers and business partners, our ability to continue to manufacture and sell our systems and components, including as a result of travel restrictions and people working from home, ability of our customers to pay in a timely manner, any closures of our facilities and the facilities of our customers and suppliers and demand for our systems and components. In addition, there can be no assurance that any efforts taken by us to address the adverse impacts of the COVID-19 pandemic or actions taken to contain the COVID-19 pandemic or its impact will be effective or will not result in significant additional costs.

8. ***Development of our technologically advanced systems and components involves a lengthy and expensive process with uncertain timelines and uncertain outcomes. We are dependent on the success of our R&D and the failure to develop new or improved products or process improvements or production techniques could subject us to write-offs or otherwise adversely affect our business, financial condition and results of operations and have a negative impact on our competitive position.***

Our future growth depends on our ability to continue to develop and commercialize innovative, viable and sustainable new automotive systems and components in a timely and cost-effective manner, improve our existing systems and components, or to develop process improvements that can improve time, quality and cost efficiency. The development and commercialization of new products is complex, time-consuming and costly, and its outcome is inherently uncertain. The automotive industry is characterized by rapid and frequent advancements in technology and changes in market demand can often render existing technologies and equipment obsolete and could require substantial new capital expenditures or subject us to write-offs. Due to the long lead times associated with development for many of the technologically advanced automotive systems and components, as well as the competitive advantage that can come from being the initial developer of a new product, it is important that we maintain a sufficiently large portfolio of systems and components and a product pipeline and manage their development processes so as to bring our systems and components to market on a timely basis. The launch of a new product is a complex process, the success of which depends on a wide range of factors, including the production readiness of our manufacturing facilities and manufacturing processes and those of our suppliers, as well as factors related to tooling, equipment, employees, initial product quality and other factors. Production shortfalls or production delays, if any, or our inability to accurately estimate the cost to design, develop and launch new products could result in our failure to effectively manage our manufacturing costs relating to these product program launches. If we are unable to bring enough products to market, or if products are brought to market after competing products are commercialized, our growth strategy may not be successful and our business would be adversely affected.

During Fiscal Years 2019, 2020 and 2021, our total expenditure on R&D amounted to ₹244.04 million, ₹404.49 million and ₹915.03 million, respectively, representing 1.7%, 3.3% and 5.8%, respectively, of our total revenue from operations in those periods. As at March 31, 2021, we had 186 on-roll employees engaged in R&D activities, representing approximately 15.4% of our total on-roll manpower, with 16 software engineers focused on R&D. We have also established digital simulations, testing and validation facilities located at three R&D centers in India. We cannot assure you that the investments we have made in R&D will yield satisfactory results in terms of improved products, or will yield any results at all. Despite our investments in this area, our R&D efforts may not result in the discovery or successful development of new and innovative systems and components. In addition, even where we successfully develop any such new or improved products in a timely manner, there can be no assurance that the new or improved product will be commercially successful and meet the price expectations of our customers. Further, if our competitors develop new processes or production techniques, or improve existing processes or production techniques that may give them significant cost and marketing advantages, we may be unable to retain our customers, which would adversely affect our revenues and profitability. We also cannot guarantee that any investment we make in developing products will be recouped, even if we are successful in commercializing those products.

**9. *We may not be successful in implementing our growth strategies, including our strategy to capture market opportunity in the growing Electric Vehicle market.***

The success of our business depends on our ability to effectively implement our business growth strategies. See “Our Business” on page 167, for details on our growth strategies. Even if we have successfully executed our business strategies in the past, there can be no assurance that we will be able to execute our strategies on time and within the estimated budget, or that we will meet the expectations of targeted customers.

As part of our growth strategy, we plan to increase our market share in both the Indian and overseas markets by catering specifically to EV OEMs. As at March 31, 2021, we had 15 development programs for supply of our systems and components to EV manufacturers across North America, Europe, China and India, of which, active production process has commenced for eight programs and regular production is yet to commence for seven programs. We have been supplying differential gears in the global EV market since April 2016 and differential assemblies since 2018, and according to the Ricardo Report, our global market share of BEV differential assemblies in calendar year 2020 was 8.7%. According to Ricardo, BEV sales as a percentage of total global vehicle sales was 3.3% in calendar year 2020. In Fiscal Years 2019, 2020 and 2021, our income from sale of goods to the BEV market amounted to ₹174.19 million, ₹233.59 million and ₹2,056.98 million, respectively. Our income from sale of goods to the BEV market as a percentage of our total income from sale of goods were 1.3%, 2.0% and 13.8% in Fiscal Years 2019, 2020 and 2021, respectively. Further, our total expenditure on R&D amounted to ₹244.04 million, ₹404.49 million and ₹915.03 million during Fiscal Years 2019, 2020 and 2021, respectively. Our R&D expenditures as a percentage of revenue from operations were 1.7%, 3.3% and 5.8% for Fiscal Years 2019, 2020 and 2021, respectively. The Company does not keep a track of R&D expenditure in the EV segment separately. As a result, we are well-positioned to benefit from the global trend in the automotive industry towards electrification of vehicles which continues to expand, driven by government regulations related to emissions, such as Corporate Average Fuel Economy standards, as well as consumer demand. According to the Ricardo Report, among the available propulsion technologies, BEV has been the fastest growing segment at a CAGR of approximately 46% between calendar years 2015 to 2020 and is expected to grow at a CAGR of approximately 36% between calendar years 2020 to 2025 with increased market penetration. However, the market for electric vehicles is relatively new, rapidly evolving, characterized by rapidly changing technologies, price competition, additional competitors, evolving government regulation and industry standards, frequent new vehicle announcements and consumers’ willingness to adopt electric vehicles. A decline in the trend towards electrification driven by changing consumer preference or any change in government policy, laws and regulations that reduces or eliminates support for electrification of vehicles, resulting in lower demand for electrical vehicles and consequently a significant reduction in production of electric vehicles could have an adverse effect on our sales to EV OEMs and lead to a decline in our earnings from the EV market.

We also plan to increase our market share across our product verticals and diversify our offerings of systems and components, customer base and geographical footprint, develop, engineer and bring to market new and innovative technologically advanced products and solutions to meet the growing demands of our customers and continue to invest in our R&D and technological capabilities.

We expect our strategies to place significant demands on our management and other resources and require us to continue developing and improving our operational, financial and other internal controls. We may not be successful in implementing our growth strategies due to various factors, including failure to adapt to rapidly evolving technological changes, anticipate and accurately assess potential growth opportunities and new markets and effectively allocate resources and capital investment in a timely and cost-effective manner to capitalize on such opportunities, attract new customers, obtain sufficient financing for our expected capital expenditures, control input costs, effectively manage our internal supply chain, manufacturing processes and operations and costs related to R&D and maintain sufficient operational and financial controls. We may also not be successful in implementing our goals due to factors beyond our control, including shift in customer preferences towards products that we are unable to manufacture, change in business and spending plans of our customers with whom we have collaborated to produce new and innovative systems and components or downturn in the global economic, financial and market conditions resulting in decline in demand for our products.

Our inability to effectively manage the expansion of our business and execute our strategies effectively, could adversely affect our business, results of operations and financial condition.

**10. *We rely on the skills and experience of our management team and other key personnel and the loss of any of these team members or the inability to attract and retain qualified personnel could have a material adverse effect on our business operations.***

Our future success is significantly dependent upon the continued efforts and service of our management team as well as other key personnel. In an event of their retirement or departure from the company, there is no assurance that we will be able to find suitable replacements for such key management personnel in a timely manner or at all and implement a smooth transition of responsibilities to any newly appointed management personnel. This could affect our operations resulting in a decline in the performance of our business.

We are a technology driven company with significant focus and investment in our in-house R&D capabilities. The future success of our investments in innovation will depend upon, among other factors, our ability to continue to attract and retain qualified personnel, particularly engineers and other associates with critical expertise, know-how and skills that are capable of helping us develop technologically advanced systems and components and support key customers and products. The scarcity of labor in certain employment areas makes it difficult to hire the employees needed to increase production. If we lose the services of any member of our key management or other skilled personnel, we may not be able to locate suitable or qualified replacements, which could adversely affect our business and growth.

Our rapid growth also requires us to continue to attract, hire and retain a wide range of qualified, experienced and skilled personnel at all levels of our business and operations who can adapt to a dynamic, competitive and challenging business environment. Competition for skilled personnel in the automotive component manufacturing industry is intense, and we may need to offer a more attractive compensation and other benefits package, including share-based compensation, to attract and retain them. Even if we were to offer higher compensation and other benefits, there is no assurance that these individuals will choose to join or continue to work for us. For example, in Fiscals 2019, 2020 and 2021, our attrition rate was 12%, 11.4% and 8.7%, respectively. The loss of the services of our executive officers or other key associates, unexpected turnover, or the failure to attract, retain or motivate key management and experienced, skilled and capable personnel could impact the progress of our product innovation, development, launch and production operations and have a material adverse effect on our results of operations and financial condition.

**11. *Pricing pressure from customers may affect our gross margin, profitability and ability to increase our prices, which in turn may materially adversely affect our business, results of operations and financial condition.***

Pursuing cost-cutting measures while maintaining rigorous quality standards may lead to an erosion of our margins, which may have a material adverse effect on our business, results of operations and financial condition. In addition, estimating amounts of such price reductions is subject to risk and uncertainties, as any price reduction is the result of negotiations and other factors. Accordingly, suppliers must be able to reduce their operating costs in order to maintain profitability. Such price reductions may affect our sales and profit margins. If we are unable to offset customer price reductions in the future through improved operating efficiencies, new manufacturing processes, sourcing alternatives and other cost reduction initiatives, our business, results of operations and financial condition may be materially adversely affected. Our customers also negotiate for larger discounts in price as the volume of their orders increase. In addition, substantially all of our systems and components are customized to specific customer requirements, which requires us to incur significant costs in setting up our capabilities to manufacture these products, which may or may not be fully recovered from the customers. To maintain our profit margins, we focus on developing new systems and components, the benefits of which support stable or increased prices. In addition, we seek price reductions from

our suppliers, improved production processes to increase manufacturing efficiency and streamlined product designs to reduce costs.

There can be no assurance that we will be able to avoid future customer price reductions or offset the impact of any such price reductions through continued technology improvements, improved operational efficiencies, cost-effective sourcing alternatives, new manufacturing processes, cost reductions or other productivity initiatives, which may adversely affect our business, financial condition and results of operations.

**12. *We are exposed to counterparty credit risk and any delay in receiving payments or non receipt of payments may adversely impact our results of operations.***

Due to the nature of, and the inherent risks in, the agreements and arrangements with our customers, we are subject to counterparty credit risk and a significant delay in receiving large payments or non-receipt of large payments may adversely impact our results of operations. Our operations involve extending credit to our customers in respect of sale of our products and consequently, we face the risk of the uncertainty regarding the receipt of these outstanding amounts. There is no assurance that we will accurately assess the creditworthiness of our customers. Further, macroeconomic conditions, such as a potential credit crisis in the global financial system, could also result in financial difficulties for our customers, including limited access to the credit markets, insolvency or bankruptcy. Such conditions could cause our customers to delay payment, request modifications of their payment terms, or default on their payment obligations to us, all of which could increase our receivables. Timely collection of dues from customers also depends on our ability to complete our contractual commitments and subsequently bill for and collect from our clients. If we are unable to meet our contractual obligations, we may experience delays in the collection of, or be unable to collect, our customer balances, which could adversely affect our results of operations and cash flows. We are also dependent upon the market for financing, and the inability for us, our customers or our suppliers to obtain and maintain sufficient capital financing, including working capital lines, and credit insurance may adversely affect our, our customers' and our suppliers' liquidity and financial condition.

Accordingly, we had and may continue to have high levels of outstanding receivables. As of Fiscal Years 2019, 2020 and 2021, our trade receivables were ₹2,732.98 million, ₹2,336.28 million and ₹4,169.87 million, respectively, which constituted 19.1%, 19.1% and 26.6% of our revenue from operations for the respective periods. If our customers delay or default in making these payments, our profits margins and cash flows could be adversely affected.

**13. *If we are unable to anticipate, identify, understand and respond timely to rapidly evolving technological and market trends and preferences and develop new products to meet our customers' demands and to adapt to major changes and shifts in the automotive market, our business may be materially adversely affected.***

The automotive markets in which we operate are undergoing significant technological changes, with increasing focus on, among other things, electrification of vehicles, development of hybrid vehicles and advanced driver assistance technologies, power storage capacity and technological changes in ICE engines. Our results of operations and financial condition are impacted, in part, by our competitive advantage in developing, engineering and manufacturing innovative and/or improved products. According to the CRISIL Report, as compared to the publicly listed top ten auto-component manufacturers in India by market capitalization, we were the highest in terms of operating EBITDA margin, PAT margin, ROCE and ROE and one of the top ten auto-component manufacturers in India in terms of operating EBITDA and profit before tax in Fiscal Year 2020. Our total operating income has grown at a CAGR of 10.9% from Fiscal 2016 to 2020 as compared to the average CAGR of 8.1% for the top ten listed auto-component manufacturers in India by market capitalization, in the same period, according to the CRISIL Report. For further details on our performance metrics as compared to our competitors in the automotive market, see, "*Industry Overview –Key competitors and benchmarking of financial data*" on page 164. Our ability to anticipate changes in technology, successfully develop, engineer, and bring to market new and innovative and/or improved products, or successfully respond to evolving business models (including electric vehicle advances), may have a significant impact on our market competitiveness. Maintaining our competitive position is dependent on our ability to develop commercially-viable products that support the future technologies adopted by our customers and meet our customers' demands in a timely manner.

According to the Ricardo Report, we are among the limited number of players who are well placed to combine our motor and driveline capabilities to offer a compelling value proposition to our EV customer base. To meet our various customers' requirements and maintain our technological leadership, we have incurred in the past and continue to incur capital expenditures to develop new systems and components and adapt our range of systems and components based on collaboration with our key customers and to meet customers' demands. Accordingly, any change in our customers' preferences, delay in product launches by our customers or failure by our customers to successfully launch new programs, could render our current systems and components obsolete or less attractive which could materially adversely affect our business, financial condition and results of operations.

Further, unexpected advances in a given technology in the market or difficulties encountered in developing a new technology internally, could prevent us from seizing opportunities relating to technological breakthroughs and as a result could impact our competitive positioning, growth and profitability. We are also subject to the risks generally associated with new product

introductions and applications, including lack of market acceptance, delays in product development and failure of our systems and components to operate properly. If we are unable to maintain our competitive advantage through innovation or if we do not sustain our ability to meet customer requirements relative to technology, or acquire new and compelling products that capitalize upon new technologies in response to OEM and consumer preferences, our business, financial condition and results of operations could be materially adversely affected.

**14. *Our business faces substantial competition.***

We compete globally with a number of other automotive component manufacturers and distributors that produce and sell products similar to ours. According to the CRISIL Report, as compared to the publicly listed top ten auto-component manufacturers in India by market capitalization, we were the highest in terms of operating EBITDA margin, PAT margin, ROCE and ROE and one of the top ten auto-component manufacturers in India in terms of operating EBITDA and profit before tax in Fiscal Year 2020. Our total operating income has grown at a CAGR of 10.9% from Fiscal 2016 to 2020 as compared to the average CAGR of 8.1% for the top ten listed auto-component manufacturers in India by market capitalization, in the same period, according to the CRISIL Report. For further details on our performance metrics as compared to our competitors in the automotive market, see, “*Industry Overview –Key competitors and benchmarking of financial data*” on page 164. Technology, price, design, quality, delivery, engineering development and program launch support are the primary elements of competition in our markets. Our competitors include manufacturing facilities controlled by OEMs, as well as many other independent domestic and foreign suppliers. In some instances we also sell to and collaborate with our competitors to develop automotive systems and components, which may adversely affect our competitive situation. In addition to traditional competitors in the automotive sector, the trend towards advanced electronic integration and electrification has led to an increase in the significance of technology to our current and future products and the amount of capital we need to invest to develop these new technologies, as well as an increase in the amount of competition we face from technology focused new market entrants. A number of our competitors are larger than we are, and some competitors have greater financial and other resources than we do and other economic advantages as compared to our business, such as patents, existing underutilized capacity, lower labor costs, lower health care costs, lower tax rates and, in some cases, export or raw materials subsidies. As a result of these competitive pressures and other industry trends, OEMs and suppliers are developing strategies to reduce costs. These strategies include supply base consolidation, OEM in-sourcing and global sourcing. Our OEM customers may change their outsourcing strategy due to various reasons, resulting in change in our position from a single source supplier for certain systems and components to some customers to becoming a dual source supplier for such customers. Some of our major OEM customers also manufacture products for their own uses that directly compete with our products.

Increased competition could adversely affect our business. In addition, any of our competitors may foresee the course of market development more accurately than we do, develop products that are superior to our products, produce similar products at a cost that is lower than our cost, or adapt more quickly than we do to new technologies or evolving customer requirements. As a result, our products may not be able to compete successfully with our competitors’ products, and we may not be able to meet the growing demands of customers. If we misjudge the amount of capital to invest or are otherwise unable to continue providing products that meet our customers’ needs in this environment of rapid technological change, our market competitiveness could be adversely affected.

**15. *Growth of the Electric Vehicle market depends on the development and maintenance of the required charging infrastructure. Lack of availability of, and access to relevant and adequate charging infrastructure, will result in a slowdown in the increasing trend towards vehicle electrification, which may impact our ability to capture the growth opportunity in the Electric Vehicle market.***

The growing trend towards vehicle electrification and faster adoption of EVs among consumers, is dependent on the availability of, access to, convenience and cost-effectiveness of relevant and adequate infrastructure and facilities required for EV charging as well as requisite support for development and maintenance of charging infrastructure. According to the Ricardo Report, availability of charging infrastructure is a potential issue for uptake of EVs. However, Governments across the world are making efforts to boost charging infrastructure. For example, France has allocated €1.3 billion to fund incentives that include grants and subsidies such as tax credit up to €300 and a grant of up to 50% of the purchasing and installation costs of charging infrastructure for individuals. China has extended its EV incentive program until 2023 which includes exemption from purchase tax calculated on the basis of battery energy density and energy consumption and the federal government of the USA offers up to US\$ 7,500 in tax credits to consumers purchasing electric plug-in vehicles.

According to the Ricardo Report, to enhance public charging, the Government of India has announced a plan to have at least one charging station in every 3km x 3km grid in cities and every 25 kms on either side of highways. For this purpose, the GoI has de-licensed the setting-up of public charging stations, enabling any individual or organization to set-up public charging stations that can obtain electricity from any generation company through open access. Further, according to the Ricardo Report, pursuant to the Faster Adoption and Manufacturing of Hybrid and Electric Vehicles in India Scheme, 2015 (“**FAME II Scheme**”), the GoI has approved 2,636 EV charging stations, of which, 1,633 are fast charging and 1,003 are slow charging stations, across 62 Indian cities and has allocated a budget of ₹100 billion for a period of three years commencing from April 1, 2019 to support, among other things, installation of charging infrastructure. The Ricardo Report further states that special electricity tariffs have



also been announced by DISCOMS in India for charging stations, which allow the charging providers to lower operating cost. For example, Bengaluru's energy provider, BESCOM charges a special tariff of ₹5 per unit for the energy consumed by charging stations.

If the initiatives taken by various Governments around the world to encourage creation of EV charging infrastructure is not successful, government spending towards EV purchase incentives and creation of charging infrastructure may decline, resulting in a slowdown in the trend towards faster vehicle electrification due to limited and expensive charging infrastructure. This will reduce the demand for our automotive systems and components specifically for EV OEMs, resulting in a decline in our earnings from the EV markets, which could adversely affect our business, prospectus and results of operations.

**16. *Our business is subject to costs, risks and uncertainties, including those associated with laws and regulations in domestic and foreign jurisdictions in which we operate, tariffs and trade relations and international political conditions. Breach of applicable laws and regulations, including those related to environmental, health and safety regulations could adversely affect our business, operations and reputation.***

The markets and customers we serve are subject to substantial government regulations, which often differ by state, region and country. We have operations in multiple countries that can be impacted by expected and unexpected changes in the legal and regulatory environments in which we operate. We have nine manufacturing and assembly facilities across India, China, Mexico and USA, of which six are located in India. We also have eight warehouses, of which, five are located in India and three across USA, Germany and Belgium and digital simulation, testing and validation facilities located at three R&D centers in India. For details, see “*Our Business*” on pages 167 to 195.

Our operations are subject to various domestic and foreign laws and regulations governing, among other things, noise control, emissions to air, discharge to waters and the generation, handling, storage, transportation, treatment and disposal of waste and other materials, environmental concerns (including concerns about global climate change and its impact such as greenhouse gas emissions), fuel economy standards, health and safety of employees, labor and accounting laws, foreign trade and investment, import and export license requirements and tariffs and taxes and intellectual property enforcement issues. We are also required to obtain and comply with environmental permits for certain of our operations. For instance, we require approvals under the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981, the Hazardous and Other Waste (Management and Transboundary Movement) Rules, 2016 in order to establish and operate our manufacturing facilities in India. For details on the regulations and policies applicable to our Company, please see “*Key Regulations and Policies in India*” on page 196. These government regulatory requirements could also significantly affect our customers by altering their global product development plans and substantially increasing their costs, which could result in limitations on the types of vehicles they sell and the geographical markets they serve. Any of these outcomes could adversely affect our financial condition and results of operations.

We believe that our operations and manufacturing facilities have been, and are being, operated in compliance, in all material respects, with such laws and regulations. However, there can be no assurance that we will be in complete compliance at all times with such laws, regulations and the terms and conditions of any consents or permits. If we violate or fail to comply adequately with these requirements, we could be fined or otherwise sanctioned by the relevant regulators or our operations may be temporarily shut-down pending such compliance. Occurrence of any such events could adversely affect our business, reputation, financial condition or results of operations. In addition, these requirements may become more stringent over time and there can be no assurance that we will not incur significant costs or liabilities in the future in order to comply with evolving laws and regulations, including environmental, health and safety laws, regulations or other pertinent requirements that may be adopted or imposed in the future by governmental authorities. We do not carry any insurance to cover environmental liabilities in India and in the foreign jurisdictions where we operate.

Our overseas business and growth initiatives are also exposed to changes in international tariffs, trade relations and policies, including renegotiated trade agreements, import and export license requirements, and imposition of tariffs that make unjustified, unreasonable or discriminatory trade actions impacting the countries in which we have a presence. There is no assurance that cost increases resulting from trade policies and tariffs will not adversely impact our profitability. Our sales may also be adversely impacted if tariffs are assessed directly on the products we produce or on our customers' products containing content sourced from us. In addition, political activities within the countries where we conduct business, could also adversely impact our ability to operate in those countries.

If we are unable to comply with any applicable domestic or foreign laws, our business, results of operations and financial condition could be adversely affected. Further, changes in domestic and foreign laws, regulations and policies, including restrictions on trade, import and export license requirements, and tariffs and taxes, intellectual property enforcement issues as well as changes in policies relating to foreign trade and investment, may affect our ability to operate and the manner in which we manage our business in the countries in which we operate.

**17. *Our international operations are subject to a number of risks***

We have manufacturing facilities and assembly plants and warehouses across US, Mexico, China, Germany and Belgium and sell our products in various countries outside India. For the Fiscal Year 2021, we derived 75.0% (₹11,162.05 million) of our income from sale of goods with end-use in the overseas markets, including 36.1% (₹5,368.10 million) in North America, 26.5% (₹3,950.51 million) in Europe and 7.6% (₹1,129.64 million) in China. Our international operations are subject to a number of risks inherent in operating abroad. We have significant exposure in foreign currencies like U.S. Dollar, Euro, British Pound and Japanese Yen on account of our export revenue, international operations and imports of materials, capital goods and services. Accordingly, we are exposed to foreign currency risks that arise from our business transactions denominated in foreign currencies and investments done in foreign jurisdictions. Since our local reporting currency is Indian Rupees, we are also subject to currency translation risk as all foreign currency transactions including sales, purchases and expenses are translated into Indian rupees for the purposes of our consolidated financial statements. We are also required to translate the financial statements of our foreign subsidiaries in USA, Hongkong, Mexico and China to Indian Rupees.

In accordance with “Accounting Standard 21 - Consolidated Financial Statements” issued by Institute of Chartered Accountants of India, at the time of conversion of the financial statements of the foreign subsidiary during the consolidation process, line items of the profit and loss account are converted using an average exchange rate for the period or year under consideration except for opening and closing stock, which are converted at the opening and closing exchange rate respectively, whereas items of the balance sheet are converted using the closing exchange rate for the period or calendar year under consideration. Fluctuations in foreign currency exchange rates against the Indian Rupee may have an adverse effect on our reported revenues and financial results because of variations in the exchange rate prevailing in the previous comparative period and also affect the value of our foreign assets and liabilities denominated in foreign currency and the relative prices at which we and our foreign competitors sell products in the same markets.

While we hedge a significant part of our net foreign currency transaction exposure estimated on a rolling 12 months’ forward basis to help mitigate certain of these risks and reduce the effects of fluctuations in exchange rates on our results of operations, our efforts to manage these risks may not be successful and we may still incur losses on account of fluctuations in exchange rates. According to the currency hedging policy approved by our Board, we are required to hedge 75% of our net foreign currency exposure on the basis of projected foreign currency collections and payments for the next 12 months. As on March 31, 2021, our USD denominated foreign currency trade receivables amounted to USD 43.67 million and we had USD denominated hedge contracts for USD 89.09 million based on our hedging policy.

The table below sets forth our gain/(loss) on account of fluctuations in foreign currency for the periods indicated.

(Amount in ₹ million)				
	Line item of the financials impacted	For Fiscal 2021	For Fiscal 2020	For Fiscal 2019
Foreign exchange gain*	Other operating revenue	357.34	-	86.07
Foreign exchange (loss)*	Other expenses	-	(118.56)	(8.00)

\* Inclusive of fair value gain/loss on derivatives.

We also file income-tax returns in and are subject to tax laws in foreign jurisdictions in which we have a presence and are subject to examinations of these income tax returns by the relevant tax authorities. Changes in tax laws and treaties or tax rates, the resolution of tax assessments or audits by various tax authorities and our inability to fully utilize any tax loss carry forwards and tax credits could adversely affect our results of operations. In addition, our international operations are exposed to risks related to restrictive governmental actions and laws and policies of India and foreign governments affecting trade, foreign investment and loans (such as restrictions on transfer and repatriation of funds and trade protection measures, including import and export duties, licensing requirements, quotas, customs duties and tariffs) and compliance with local laws in foreign jurisdictions in which we have a presence.

There can be no assurance that these risks and other adverse developments in the economic conditions of any of the markets in which our Company and its customers are present, particularly US, Europe and China, will not have a material adverse impact on our ability to increase or maintain our foreign sales or on our business, financial condition and/or results of operations.

**18. The geographical concentration of our manufacturing facilities may restrict our operations and adversely affect our business and financial conditions.**

The table below sets forth the details of our manufacturing facilities. For further details, see “Our Business – Our operations – Manufacturing locations” on page 183.

Location	Facilities	Nature of interest in the facilities
In India	Gurugram (manufacturing)	1 unit owned and 2 units leased
	Manesar (assembly)	1 unit leased
	Pune (manufacturing)	1 unit owned
	Chennai (manufacturing)	1 unit owned

Outside India	Hangzhou (assembly)	1 unit leased
	Mexico (assembly)	1 unit leased
	Tecumseh (assembly)	1 unit owned

Due to the geographic concentration of our manufacturing plants in India, our operations are susceptible to local and regional factors, such as accidents, system failures, civil unrest as well as other adverse social, economic and political events in India, weather conditions, natural disasters, regional conflicts and demographic and population changes, and other unforeseen events and circumstances. We have a tool and die shop, which is only situated in Gurugram in India and caters to the production needs of all our manufacturing facilities. Any damage or destruction of or interruption of activities or capacity constraints in our tool and die shop will result in a temporary disruption of our manufacturing abilities for gears and differential assembly business resulting in delays in shipments of such systems and components. In addition, our assembly plants in Mexico, China and USA mostly manufacture automotive components for two of our top ten customers. As a result, any disruption or damage or stoppage of work in our plants in Mexico, China and USA may severely affect our ability to meet the demands of such customers and the loss of any of these top ten customers or a significant reduction in demand from such customers could have an adverse effect on our business, financial condition and results of operations.

**19. *We depend on third parties for the supply of raw material and delivery of certain products. A disruption in the supply of components and raw materials or failure of our suppliers to meet their obligations could impact our production and increase our costs.***

We are dependent on third party suppliers for our raw materials and certain components used in the manufacture of our products. Although we purchase most of the commodities used in our manufacturing process from more than one supplier, we typically source components and assemblies for a particular part number from a single supplier. Accordingly, we are exposed to the risk of inadequate capacity leading to temporary production allocation or disruption of supplies for such components and assemblies which are procured for a single supplier. There is no assurance that if we experience a disruption of supplies, we will be able to source such commodities from alternative suppliers on similar commercial terms and within a reasonable timeframe. For certain key critical components such as drive assemblies, solenoid assemblies, machined steel components, carbon brushes assemblies and magnets required for manufacturing of our starter motors, we are dependent primarily on a limited number of suppliers in China, which cannot be replaced easily. If the available supply of such parts is insufficient to meet the needs of our business or if there is an interruption in supply from our Chinese suppliers, including due to any unanticipated outage, shutdown and/or suspension of production at their facilities, change in political relationship between India and China or implementation of laws and policies impacting our relationship with our Chinese suppliers, our ability to manufacture and sell our starter motors could be limited due to such sudden shortage of parts in the market which could result in order cancellations for our starter motors and have an adverse effect on our business and results of operations.

We select suppliers based on total value (including total landed price, quality, delivery, and technology), taking into consideration their production capacities and financial condition and expect that they will deliver in accordance with our quality standards and comply with their contractual obligations with us. However, there can be no assurance that capacity limitations, industry shortages, labor or social unrest, weather emergencies, commercial disputes, government actions, riots, wars, sabotage, cyber-attacks, non-conforming parts, acts of terrorism, “Acts of God” such as fire, earthquake, floods, natural disasters and other events beyond human control, financial or operational instability of suppliers or other problems that our suppliers experience will not result in occasional shortages or delays in their supply of components to us. We are dependent upon the ability of our suppliers to meet performance and quality specifications and delivery schedules. The inability of a supplier to meet these requirements, the loss of a significant supplier, or any labor issues or work stoppages at a significant supplier could disrupt the supply of raw materials and parts to our facilities, preventing our Company from delivering to its customers, or cause returns of products under warranty or product recalls. This would have a material adverse impact on our customer relations, reputation and business and also generate additional costs for our Company such as exceptional transportation costs and costs related to finding alternative suppliers within constrained timelines which could adversely impact our financial condition.

If we were to experience a significant or prolonged shortage of critical components from any of our suppliers and could not procure the raw materials or components from other sources, we would be unable to meet the production schedules for some of our key products and could miss customer delivery expectations. We cannot assure you that our suppliers will continue to supply the required components or raw materials to us or supply such raw materials and components at prices favorable to us, particularly at a time that we face substantial pressure from OEMs to reduce the prices of our products. Any change in the supplying pattern of our raw materials can adversely affect our business, financial conditions and results of operations.

We also use third parties for the deliveries of finished and unfinished products from our manufacturing facilities and warehouses to our domestic and overseas customers as well as between production facilities. Transportation strikes have in the past and could in the future have an adverse effect on our supplies and deliveries to and from particular plants on a timely and cost efficient basis. An increase in freight costs or the unavailability of adequate port and shipping infrastructure for transportation of our products to our markets may have an adverse effect on our business and results of operations. Further, we are also exposed to risks associated with various modes of transportation. While delivery of components to customers within India is generally shipped by road or rail, the majority of our shipments to China, Europe and USA are by sea and subject to risks, including

damage or loss of containers due to shipwreck, mishandling of our shipment at port or at sea, damage during transportation, loading and unloading, damage due to moisture, accidental fires and bad weather conditions, theft at sea, delay in customs clearance and other factors beyond our control. The occurrence of all or any of the above factors will result in delays in deliveries to our customers which could further cause a shutdown in our customer's production processes and adversely affect our reputation, business and results of operations. While we have obtained insurance to cover such risks, which is in line with industry practice, our insurance policies may not be adequate to cover fully all potential risks related to delivery and transportation of our systems and components. Further, there no assurance that the amount of our insurance coverage will be sufficient to satisfy any damages arising from the occurrence of all or any of the above risks. See "*Risk Factors – Risks Relating to Our Business and Industry – Our insurance may be insufficient to cover all losses associated with our business operations.*" below.

**20. *Our business could be adversely affected by volatility in the price or availability of raw materials, components and sub-assemblies, utilities and natural resources and transportation costs.***

Our Company uses a variety of raw materials and commodities (including aluminum, copper, nickel, plastic resins, steel, other raw materials and energy) and materials purchased in various forms such as peeled alloy steel bars, aluminum castings, steel forgings, magnets, steel and brass stampings, and plastic components in the production of our components. Although we have not experienced any disruption in our business due to price volatility or availability of raw materials in the last three financial years, there is no certainty that we may not experience volatility in the cost or availability of such raw materials and commodities or in the cost or availability of utilities and natural resources used in our operations, such as electricity, water and natural gas as well as increasing transportation costs in the future

We have historically passed the increase in costs of some of the raw materials on to our customers. However, our cash flows may still be adversely affected because of any gap in time between the date of procurement of those primary raw materials and date on which we can reset the component prices for our customers, to account for the increase in the prices of such raw materials. Further, some customers may challenge such increased costs. The discontinuation or lessening of our ability to pass through transportation or raw material costs or otherwise mitigate these cost increases or obtain adequate supply of raw materials, utilities and natural resources could adversely affect our business. From time to time, commodity prices may also fall rapidly. If this happens, suppliers may withdraw capacity from the market until prices improve which may cause periodic supply interruptions. This may also be true of our transportation carriers and energy providers. If these supply interruptions occur, our business, financial condition and results of operations could be adversely affected.

**21. *We have significant power, water and fuel requirements and any disruption to power or water sources could increase our production costs and adversely affect our results of operations.***

We require substantial power, water and fuel for our manufacturing facilities, and energy costs represent a significant portion of the production costs for our operations. For Fiscal Years 2019, 2020 and 2021, our power and fuel charges were ₹444.15 million, ₹329.72 million and ₹390.89 million, constituting 3.1%, 2.7% and 2.5%, respectively, of our total income. If energy or water costs were to rise, or if electricity or water supplies or supply arrangements were disrupted, our profitability could decline.

We purchase utilities for our operations in India and overseas from the local utility companies in the jurisdictions in which we operate. In India, we also purchase utility from third party suppliers, where costs are less than purchasing directly from the state electricity boards. The cost of electricity from state electricity boards could be significantly higher, thereby adversely affecting our cost of production and profitability. Interruptions of electricity supply can result in production shutdowns, increased costs associated with restarting production and the loss of production in progress. If energy or water costs were to rise, or if electricity or water supplies or supply arrangements were disrupted, our profitability could decline.

**22. *We are subject to strict quality requirements and any failure by us or our component suppliers to comply with quality standards may lead to cancellation of existing and future orders, product recalls, product liability, warranty claims, litigation and other disputes and claims.***

We are subject to strict quality standards imposed by our customers, applicable to our manufacturing processes. Failure by us or one of our component suppliers to achieve or maintain compliance with these requirements or quality standards may disrupt our ability to supply products sufficient to meet our customers' demands until compliance is achieved. Our or our component supplier's failure to comply with applicable quality standards could also result in our products failing to perform as expected, or alleged to result in bodily injury or property damage or both due to product failure, work accidents, fire or explosion, if our products are defective or are used incorrectly by our customers (or by their customers, who are the end-users). The occurrence of any such events could expose us to warranty, product recall or field action and product liability claims. Under the product warranties provide by us to certain key customers, we may be required to bear costs and expenses for the repair or replacement of these defective products. In addition, we may also be required to indemnify customers against losses occurring as a result of defective products and reimburse our customers for administrative, labor, material and other such costs. Such warranties may be enforced against us even in cases where the underlying sales contract has expired. In addition, costs and expenses associated with warranties, field actions, product recalls and product liability claims could have a material adverse impact on our results of operations and financial condition and may differ materially from the estimated liabilities that we have recorded in our

consolidated financial statements. Our expenditure incurred for product warranties, product recalls and product liability claims was ₹2.10 million, ₹4.23 million and ₹8.87 million which was 0.01%, 0.03% and 0.06% of the total income for Fiscal Years 2019, 2020 and 2021, respectively.

In addition to warranty claims relating directly to products we produce, potential product recalls for our customers and their other suppliers, and the potential reputational harm that may result from such product recalls, could have a material adverse impact on our results of operations and financial condition. A recall claim could require us to review our entire product portfolio to assess whether similar issues are present in other product lines, which could result in significant disruption to our business and have an adverse impact on our results of operations.

While we maintain insurance for product liability and recall, the amount of insurance may not be adequate to cover all insured claims and liabilities. The incurring of significant liabilities for which there is no, or insufficient, insurance coverage could adversely affect our business. Further, as a result of product liability legislation, civil claims may be brought against OEMs, where damages may have been caused by any faulty products that we produced. As a result, our OEM customers are entitled to claim indemnity from us under our agreements. We are currently, and may in the future become subject to legal proceedings and commercial or contractual disputes incidental to our business. Although we believe that none of these matters are likely to have a material adverse effect on our results of operations or financial condition, there can be no assurance as to the ultimate outcome of any such legal proceeding or any future legal proceedings.

**23. *A failure of or disruption in our information technology infrastructure, including a disruption related to cybersecurity or non-compliance with data protection, privacy or information security related Indian or foreign laws, could adversely impact our business and operations.***

We rely on the capacity, reliability and security of our IT systems and infrastructure in our operations. These include procurement, production, distribution, billing, reporting and consolidation software, as well as new product design and development. IT systems are vulnerable to disruptions, including those resulting from natural disasters, cyber-attacks or failures in third-party-provided services. Cybersecurity risks can include breaches of confidentiality, loss of integrity and/or availability of the data and/or transactions processed by the information systems (system malfunction, data theft, data destruction and loss of data integrity). These may result from external (denial of service, hacking, malware) or internal (tampering, breach of data confidentiality) threats. We are also exposed to other indirect social engineering related threats such as “fake chairman” or “fake treasurer” fraud, blackmail and threats related to ransomware and data hostage. In addition, we face threats in relation to onboard systems and products, in their design phase and also in their operational and service phases, as the case may be. These threats are increasing with the rise of autonomous and connected cars.

A large-scale IT malfunction or interruption of one or more of our IT systems or cyber-attacks on our network could compromise the security of our systems and our ability to protect our networks and the confidentiality of sensitive data which may lead to tempering with or theft of our design drawings, proprietary design software, computer simulation software, testing software and other trade secrets, information relating to our intellectual property or business strategy, and data of third parties, including our employees and customers, resulting in production downtimes, lost revenues, inappropriate disbursement of funds and both internal and external supply shortages. Some cyber-attacks depend on human error or manipulation, including phishing attacks or schemes that use social engineering to gain access to systems or carry out disbursement of funds or other frauds, which raise the risks from such events and the costs associated with protecting against such attacks. In addition, we may be required to incur significant costs to protect against damage caused by such attacks or disruptions in the future or failure by us to comply with Indian or foreign laws and regulations, including laws and regulations regulating privacy, data protection or information security. These consequently could cause significant damage to our reputation, disruption of our operations, result in a loss or damage to our data or an inappropriate disclosure of confidential information, affect our relationships with our customers, suppliers and employees, lead to legal claims, proceedings or actions against our Company, liability or regulatory penalties under Indian or foreign laws protecting the privacy of personal information and ultimately adversely affect our business.

Although we have implemented security policies, processes, and layers of defense designed to help identify and protect our systems and data from current and emerging technology threats and damage from intentional and unintentional misappropriation or corruption of our systems and information due to computer viruses, unauthorized access, cyber-attack and other similar disruptions, we have been, and likely will continue to be, subjected to such attacks or disruptions. For instance, we have in the past, been subject to a phishing attack by hackers pursuant to which we have been defrauded of ₹16.61 million. There is no assurance that the security measures we have in place will be successful or sufficient to protect our IT systems and data. Further, unavailability of, or failure to retain, well trained employees capable of constantly servicing our IT and/or ERP systems may lead to inefficiency or disruption of IT system thereby adversely affecting our ability to operate efficiently.

**24. *We have undertaken and may continue to undertake strategic investments, acquisitions and collaborations (including in overseas locations) in the future, which may be difficult to sustain, integrate and/or manage successfully. These may expose us to uncertainties and risks, any of which could adversely affect our business, financial conditions and result of operations.***

We have invested and may continue to invest in business entities and even pursue acquisitions and strategic alliances in India, as well as, overseas that may enable us to achieve our growth objectives or provide us with complementary technologies. However, there are risks and uncertainties related to these investments and acquisitions, including the risk of failure of these business entities, financial risks, risks related to integrating enterprise resource planning systems and failure to successfully integrate and fully realize the expected benefits of such acquisitions and collaborations. The success and timing of any such present or future investments will depend on a variety of factors, many of which are not within our control. If we engage in investments or acquisitions, we may finance these transactions by borrowing or issuing additional debt or equity securities. The agreements entered into under such acquisition transactions typically include reciprocal obligations as well as representations and warranties, along with indemnity obligations of the transferor for any liabilities arising in connection with breaches of such representations and warranties, which will cause us to pay for remedies if there is any breach. The additional debt from any such investments or acquisitions, if consummated, could increase our debt to capitalization ratio. In addition, the ultimate benefit of any such investment or acquisition would depend on our ability to successfully integrate the acquired entity or assets into our existing business and to achieve any projected synergies, which is a significant challenge. Further, the consummation of certain acquisitions and amalgamations may require approvals and consents from regulatory authorities and other third parties which we may not receive in a timely manner or at all. For instance, we inter-alia require the approval of the NCLT Chandigarh, in order to consummate the proposed amalgamation of Comstar Automotive with our Company. In the event that we do not receive the requisite approvals, we may not be able to timely achieve the expected benefits of this amalgamation including the simplification of our existing holding structure, optimal utilization of existing resources, among others. There is also no assurance that the total costs associated with any current or future restructuring will not exceed our estimates, or that we will be able to achieve the intended benefits of these transactions. See “*Risk Factors – Risks Relating to Our Business and Industry – We have assumed existing liabilities in relation to the Comstar Entities, which liabilities if realized may impact our profitability, cash flows and results of operations*” for risks related to our acquisition of Comstar Entities on page 43.

Further, assessing a potential investment or growth opportunity involves extensive due diligence. However, the amount of information we can obtain about a potential investment or growth opportunity can be limited, and we can give no assurance that such future business ventures, acquisitions, and strategic alliances will not adversely affect our financial performance or will perform as planned. In the past, we have in the interests of the Company and its stakeholders, had to take write-offs or make provisioning related to our business entities in USA (pertaining to investment in Sona BLW Precision Forging Inc, USA) for ₹1,071.62 million and Europe (pertaining to investment in Sona Holdings B.V., The Netherlands) for ₹328.28 million, which had to file for insolvency proceedings. Our inability to successfully achieve the levels of organic and inorganic growth from our strategic initiatives could adversely impact our results of operations and financial condition.

**25. *We have assumed existing liabilities in relation to the Comstar Entities, which liabilities if realized may impact our profitability, cash flows and results of operations.***

We have assumed existing liabilities of the Comstar Entities pursuant to their acquisition. Although we have conducted due diligence on the Comstar Entities with the objective of identifying any material existing liabilities, we may not have been able to identify all such liabilities prior to the consummation of the acquisition. The terms of the Comstar Acquisition Agreement contain limited representations and warranties. There are also indemnities, which are limited to specified monetary limits, which will limit our recourse under these agreements. For details, see “*History and Certain Corporate Matters*” on page 200. Any losses or liabilities suffered by us in relation to the Comstar Entities for which we are unable to recover under these agreements will materially adversely impact our results of operations, profitability, cash flows, the trading price of the Equity Shares.

**26. *Any misappropriation or infringement of intellectual property rights of others could harm our business.***

While we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty as to whether we are infringing on any existing third party intellectual property rights, which may force us to alter our technologies, obtain licenses or cease some of our operations. We may also be susceptible to claims from third parties asserting infringement and other related claims. Certain trademarks applied for by us have been objected to. We cannot assure you that we will be able to obtain the registrations in a timely manner or at all. If claims or actions are asserted against us, we may be required to obtain a license, modify our existing technology or cease the use of such technology and design a new non infringing technology. Such licenses or design modifications can be extremely costly. Furthermore, necessary licenses may not be available to us on satisfactory terms, if at all. In addition, we may decide to settle a claim or action against us, which settlement could be costly. We may also be liable for any past infringement. Any of the foregoing could adversely affect our business, results of operations and financial condition.

In addition, in certain cases, our customers share their intellectual property rights in the course of the product development process that we carry out for them. If our customer’s intellectual property rights are misappropriated by our employees in violation of any applicable confidentiality agreements, our customers may seek damages and compensation from us. This could have an adverse effect on our business, results of operations and financial condition and damage our reputation and relationships with our customers.

**27. *Our continued operations are critical to our business and any shutdown of our manufacturing facilities or other manufacturing or production problems caused by unforeseen events may reduce sales and adversely affect our business, results of operations and financial condition.***

Our manufacturing facilities are subject to operating risks and we may encounter manufacturing problems or experience difficulties or delays in production as a result of occurrence of the following events or any other events beyond our control:

- forced or voluntary closure of manufacturing plants, including as a result of regulatory inspections.
- problems with supply chain continuity, including as a result of natural or man-made disasters at one of our facilities or at a suppliers or vendors' facility;
- manufacturing shutdowns, breakdown or failure of equipment, performance below expected levels of efficiency, obsolescence of our equipment and production facilities, industrial accidents and the need to comply with the directives of relevant government authorities;
- labor disputes, strikes, lock-outs that may result in temporary shutdowns or manufacturing disruptions;
- failure of a supplier to provide us with the critical raw materials or components for an extended period of time, which could impact continuous supply.
- shortage of qualified personnel;
- changes in applicable local and international laws and regulations impacting our manufacturing facilities where we operate;
- changes in political relationships between India and the countries in which we have set-up manufacturing and assembly plants, impacting our facilities where we operate;
- failure or bottlenecks in production processes, especially if we are unable to obtain adequate supply of utilities such as power and water or inability to successfully implement debottlenecking measures to reduce idle time or improve operating efficiency by reducing plant outages, wastage or yield losses or otherwise; and
- other problems including, limits to our manufacturing capacity due to failure of our customer to set-up their plants or assembly lines properly resulting in loss of sale and revenue from such customer.

The assembly lines of our customers rely significantly on the timely delivery of our components and our ability to provide an uninterrupted supply of our products is critical to our business. In addition, certain of our customers may impose significant penalties on us for any stoppage in any assembly line, caused either by delayed delivery of a component or a defect in the components delivered. Our business and financial results may be adversely affected by any disruption of operations at our manufacturing facilities, including as a result of any of the factors mentioned above, resulting in reduced production and reduced sales. This may also lead to loss of business and/or loss of customer which could impact our business adversely.

**28. *We regularly work with hazardous materials and activities in our operation can be dangerous, which could cause injuries to people or property.***

Our operations are subject to operating risks associated with auto-component manufacturing, including related to handling and storage of raw materials used in our manufacturing processes. Our varnishing operations and heat treatment processes involve handling of heated billets, gears and forging dies and hazardous materials such as methanol, acetylene and nitrogen, which can cause accidents during the forging process resulting in serious injuries or death of employees or other persons, if improperly handled, and cause damage to our properties and the properties of others. Despite compliance with requisite safety requirements and standards, our operations are subject to significant hazards, including:

- explosions;
- fires;
- mechanical failures and other operational problems;
- inclement weather and natural disasters;
- discharges or releases of hazardous substances, chemicals or gases; and

- other environmental risks.

The occurrence of any of these hazards could result in a suspension of operations and the imposition of civil or criminal liabilities. For instance, in 2017, a fire broke out in one of our Company's plants in Gurugram, however, there were no casualties, and no ensuing criminal or civil liabilities were imposed on our Company. The loss or shutting down of our facilities could disrupt our business operations and adversely affect our results of operations, financial condition and reputation. We may also face claims and litigation, in India or overseas, filed on behalf of persons alleging injury predominantly as a result of occupational exposure to hazards at our facilities. If these claims and lawsuits, individually or in the aggregate, are resolved against us, our business, results of operations and financial condition could be adversely affected.

**29. *Any disruption to the steady and regular supply of workforce for our operations, including due to strikes, work stoppages or increased wage demands by our workforce or any other kind of disputes with our workforce or our inability to control the composition and cost of our workforce could adversely affect our business, cash flows and results of operations.***

As of March 31, 2021, we had 1,204 on-roll and 1,939 off-roll employees, of which 315 employees are members of unions and we may be subject to industrial unrest, slowdowns and increased wage costs, which may adversely affect our business and results of operations. While we consider our relationship with our employees to be good, we could experience disruptions in work due to disputes or other problems with our work force, which may adversely affect our ability to perform our business operations.

Our Company also appoints independent contractors who in turn engage on-site contract labor for performance of certain of our ancillary operations in India. Although we do not engage these laborers directly, it is possible under Indian law that we may be held responsible for wage payments to laborers engaged by contractors should the contractors default on wage payments. Any requirement to fund such payments may adversely affect our results of operations. Furthermore, pursuant to the provisions of the Contract Labor (Regulation and Abolition) Act, 1970, we may be directed to absorb some of these contract laborers as our employees. Any such order from a court or any other regulatory authority may adversely affect our business, cash flows and results of operations.

Further, work stoppages due to strikes or other events could result in slowdowns or closures of our operations which could have an adverse effect on our business, cash flows and results of operations. For example, in 2011, operators in our Chennai plant went on strike for 54 days. During the period of the strike, the Chennai plant was accessible to rest of the employees and the movement of materials and employees was not constrained. We hired temporary manpower and used them along with all the professionals to assemble/manufacture our systems and components. There is no assurance that we may not experience any such events in the future. Work stoppages or slow-downs experienced due to labor unrest or strike could have an adverse effect on our business, results of operations and financial condition.

**30. *The availability of counterfeit products, such as products passed off as our systems and components by others, could adversely affect our goodwill and results of operations.***

Entities in India and abroad could pass off their own products as ours, including counterfeit or pirated products. Certain entities could imitate our brand name, packaging materials or attempt to create look alike products. As a result, our market share could be reduced due to replacement of demand for our systems and components and deficiency in the quality of the counterfeit products will adversely affect our goodwill. We have also invested in our systems and components to distinguish it and to prevent counterfeit versions of our products from being distributed in the markets. The proliferation of counterfeit and pirated products, and the time and attention lost to defending claims and complaints about counterfeit products could have an adverse effect on our goodwill and our business, prospects, results of operations and financial condition could suffer.

**31. *Our Promoters and members of our Promoter Group will continue to hold a significant equity stake in our Company after the Offer and their interests may differ from those of the other shareholders.***

Upon completion of the Offer, our Promoters and members of our Promoter Group will hold [●]% of our paid-up Equity Share capital. For details, see “*Capital Structure*” on page 77. Our Promoters and members of our Promoter Group will therefore have the ability to influence our operations significantly. This will include the ability to appoint Directors to our Board and the right to approve significant actions at Board and at shareholders' meetings including issue of Equity Shares, payment of dividends, determining business plans and mergers and acquisitions strategies. The Promoters have also entered into an inter-se agreement which governs their relationship vis-à-vis each other. The inter-se agreement sets out how the parties to the agreement will vote on certain matters such as appointment of non-independent directors. For further details, see “*History and Certain Corporate Matters - Shareholders' agreements and other agreements*” on page 210. Further, if, in the future, our Promoters and members of our Promoter Group are unwilling to dilute their equity stake in our Company and do not, or are unable to, fund us, our growth may be affected. In addition, the trading price of the Equity Shares could be materially adversely affected if potential new investors are disinclined to invest in us because they perceive disadvantages to a large shareholding being concentrated in the hands of our Promoters. Certain of our Promoters and their affiliates engage in a broad spectrum of activities, including investments in the auto components industry. In the ordinary course of their business activities, certain of our Promoters and



their respective affiliates may engage in activities where their interests conflict with our interests or the interests of our shareholders and Promoter Group.

Singapore Topco has availed a loan from certain overseas lenders. As on April 30, 2021, an aggregate principal amount of approximately USD 28 million remains outstanding under this loan. Security has been created over the entire share capital of Singapore Topco by BCP Topco I Pte. Ltd., the holding company of Singapore Topco in favor of such overseas lenders in this regard. While there are no events of default that are continuing on the date hereof under the overseas loan documents, to the extent that any amount under the loan facility remains outstanding, any continuing event of default at any time during the term of the overseas facility may lead to enforcement of the pledge, which could potentially lead to a change in control of our Company.

**32. *Our Company, Directors and Subsidiaries are involved in certain legal proceedings and potential litigation. Any adverse decision in such proceedings may render us/them liable to liabilities/penalties and may adversely affect our business and results of operations.***

Our Company, one of our Directors and Subsidiaries are currently involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The summary of outstanding litigation in relation to our Company, Directors and our Subsidiaries as on the date of this Red Herring Prospectus have been provided below in accordance with the materiality policy adopted by our Board. For details, see “*Outstanding Litigation and Material Developments*” on page 399.

Types of Proceedings	Number of Cases	Amount (in ₹ million)*
<b><i>Litigation against our Company</i></b>		
Direct tax proceedings	4	88.28
Indirect tax proceedings	2	15.32
<b><i>Litigation by our Company</i></b>		
Material civil proceedings	2	39.5
<b><i>Litigation against our Directors</i></b>		
Direct tax proceedings	2	Not ascertainable
<b><i>Litigation against Comstar Automotive</i></b>		
Direct tax proceedings	9	178.56
Indirect tax proceedings	1	281.97
<b><i>Litigation involving Comstar Automotive Technology Services Private Limited</i></b>		
Direct tax proceedings	1	0.15

\* To the extent quantifiable.

**33. *We are yet to receive approval for a write-off from the regulator in respect of our erstwhile overseas step-down subsidiary.***

In relation to one of our erstwhile step-down subsidiaries, Sona BLW Precision Forge Inc., USA, which had filed for insolvency proceedings, we were required to take certain write-offs, as stated in the risk factor “*We have undertaken and may continue to undertake strategic investments, acquisitions and collaborations (including in overseas locations) in the future, which may be difficult to sustain, integrate and/or manage successfully. These may expose us to uncertainties and risks, any of which could adversely affect our business, financial conditions and result of operations*” on page 42. As required under applicable law, we had applied for approval to the RBI for write-off of an amount of USD 2.03 million paid by our Company against invocation of a standby letter of credit issued by one of its banks in favour of a lender of our step down overseas subsidiary, among other things, in our letter dated April 24, 2017 and subsequently in our letters dated December 13, 2018 and January 11, 2019. While the RBI had approved the other matters for which we had applied for write-offs, we are yet to receive approval from the RBI for the write-off of USD 2.03 million. If approval of the RBI is not received for such write off, and if it is considered as a violation of FEMA ODI Regulations by RBI, a monetary penalty may be imposed on the Company by RBI, at its discretion, including for an amount which may go up to thrice the above mentioned amount involved in the contravention.

**34. *We require certain licenses, permits and approvals in the ordinary course of business, and the failure to obtain or retain them in a timely manner may materially adversely affect our operations.***

We are required to obtain and maintain a number of statutory and regulatory licenses, permits and approvals in India and in US, Europe and China, generally for carrying out our business and for each of our manufacturing facilities. For further details, see “*Government and Other Approvals*” on page 403. A majority of these approvals, including the consent to establish and operate under environmental laws, are granted for a limited duration and require renewal from time to time. While we have applied for some of these approvals, we cannot assure you that such approvals will be issued or granted to us in a timely manner, or at all. If we do not receive such approvals or are not able to renew the approvals in a timely manner, our business and operations may be materially adversely affected.

Further, the licenses, permits and approvals required by us are subject to several conditions and we cannot assure you that we will be able to continuously meet such conditions, which may lead to cancellation, revocation or suspension of the relevant licenses, permits and approvals. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased compliance costs, be subject to penalties, have our licenses, approvals and permits revoked or suffer a disruption in our operations, any of which may materially adversely affect our business and results of operations.

**35. *The agreements governing our indebtedness contain conditions and restrictions on our operations, additional financing and capital structure.***

As at March 31, 2021, our total indebtedness was ₹3,662.60 million. We have entered into several borrowing facilities of varying terms and tenures.

The table below sets forth the details of our borrowings for the periods indicated.

(Amount in ₹ million)			
Category of Borrowing	As on March 31, 2021	As on March 31, 2020	As on March 31, 2019
Total current borrowings (A)	1,144.99	846.09	620.10
Secured term loan facilities (B)	2,497.48	2,190.19	956.98
Secured deferred payment liabilities (C)	20.13	31.54	113.96
<b>Total Borrowings (A+B+C)</b>	<b>3,662.60</b>	<b>3,067.82</b>	<b>1,691.04</b>

The financing agreements governing such facilities include conditions and restrictive covenants that require us to obtain consents, no-objections or waivers from lenders prior to carrying out specified activities or entering into certain transactions, including among other things, prepaying existing debt, declaring dividends, creating pledge over shares of our Company, amending our constitutional documents, changing our capital structure, shareholding pattern or management and selling, transferring, leasing or disposing our encumbered assets. Additionally, under such financing agreements, we are also required to comply with certain financial covenants, such as maintaining prescribed financial ratios at all times.

Undertaking any of the above without the consent of our lenders or non-compliance with any of the covenants of our financing agreements could trigger an event of default which will entitle the respective lenders to enforce remedies under the terms of the financing agreements, that include, among other things, acceleration in repayment of the amounts outstanding under the financing agreements, enforcement of any security interest created under the financing agreements and taking possession of the assets given as security in respect of the financing agreements. Further, we cannot assure you that we will be able to obtain approvals to undertake any of these activities as and when required or to comply with such covenants or other covenants in the future. A default by us under the terms of any financing agreement may also trigger a cross-default under some of our other financing agreements, or any other agreements or instruments of our containing cross-default provisions, which may individually or in aggregate, have an adverse effect on our operations, financial position and credit rating. If the lenders of a material amount of the outstanding loans declare an event of default simultaneously, we may be unable to pay its debts when they fall due. For details of our borrowings, see “*Financial Indebtedness*” on page 359.

**36. *We have substantial capital expenditure and working capital requirements and may require additional capital and financing in the future and our operations could be curtailed if we are unable to obtain required additional capital and financing when needed.***

Our business is capital intensive. In Fiscal Years 2019, 2020 and 2021, our capital expenditure (comprising of payments for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances) amounted to ₹1,163.88 million, ₹2,240.59 million and ₹2,189.37 million, respectively. The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other factors, unforeseen events beyond our control such as the global lockdown due to the COVID-19 pandemic, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, economic conditions, engineering design changes, weather related delays, technological changes and additional market developments and new opportunities in the automotive components industry.

In many cases, a significant amount of our working capital is required to finance the purchase of materials and the performance of designing, manufacturing and other work before payment is received from customers. Our working capital requirements may increase if the payment terms in our agreements include reduced advance payments or longer payment schedules. Continued increases in our working capital requirements may have an adverse effect on our financial condition and results of operations.

We may need to raise additional capital from time to time, dependent on business requirements. While we do not anticipate seeking additional financing in the immediate future, any additional equity financing may result in dilution to the holders of the Equity Shares. Further, additional debt financing may impose affirmative and negative covenants that restrict our freedom to operate our business, including covenants that:

- limit our ability to pay dividends or require us to seek consent for the payment of dividends;
- limit our flexibility in raising capital in the form of debt or equity;
- require us to dedicate a portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow to fund capital expenditures, working capital and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and our industry;
- limit us from formulating any scheme of amalgamation or reconstruction, merger or demerger; and
- limit us from entering into borrowing arrangements with other banks or financial institutions.

We cannot guarantee that we will be able to obtain additional capital, including through financing on terms that are acceptable to us, or any financing at all, and the failure to obtain sufficient financing could adversely affect our business operations.

**37. *Our insurance may be insufficient to cover all losses associated with our business operations.***

We maintain insurance coverage for anticipated risks which are standard for our type of business and operations. Our insurance policies currently cover breakdowns, failure or substandard performance of equipment, third party liability claims, labour disturbances, accidents, employee fraud and infrastructure failure, as well as fire, theft, burglary, earthquake, flood, acts of terrorism and other force majeure events. As of the date of this Red Herring Prospectus, we have 100% or more insurance coverage of book value of all our fixed assets and inventories. Notwithstanding the insurance coverage that we carry, we may not be fully insured against certain types of risks. There are many events, other than the ones covered in the insurance policies specified above, that could significantly impact our operations, or expose us to third-party liabilities, for which we may not be adequately insured. There can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part, or on time. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our business, financial condition and results of operations could be adversely affected. For further risks relating to the impact on our business due to inadequacy of insurance coverage for product liability, see “*Risk Factors – We are subject to strict quality requirements and any failure by us or our component suppliers to comply with quality standards may lead to cancellation of existing and future orders, product recalls, product liability, warranty claims, litigation and other disputes and claims*” above.

**38. *If we fail to maintain an effective system of internal controls, we may not be able to successfully manage, or accurately report, our financial risks.***

Effective internal controls are necessary for us to prepare reliable financial reports and effectively avoid fraud. Moreover, any internal controls that we may implement, or our level of compliance with such controls, may deteriorate over time, due to evolving business conditions. There can be no assurance that additional deficiencies in our internal controls will not arise in the future, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls.

**39. *Certain sections of this Red Herring Prospectus disclose information from industry reports which are paid reports and commissioned by us exclusively in connection with the Offer and any reliance on such information for making an investment decision in the Offer is subject to inherent risks.***

Certain sections of this Red Herring Prospectus include information based on, or derived from, the CRISIL Report and the Ricardo Report (together, the “**Industry Reports**”) or extracts of the Industry Reports. We commissioned the Industry Reports for the purposes of confirming our understanding of the industry in connection with the Offer. None of our Company (including our Directors), Singapore VII Topco III Pte. Ltd. (“**Selling Shareholder**”), the Book Running Lead Managers or any other person connected with the Offer, has verified the information in the Industry Reports and cannot provide any assurance regarding the information in this Red Herring Prospectus derived from, or based on, the Industry Reports. Further, these reports are prepared based on information as of specific dates and may no longer be current or reflect current trends. The Industry Reports may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data. Accordingly, investors should not place undue reliance on, or base their investment decision solely on this information.

In view of the foregoing, you may not be able to seek legal recourse for any losses resulting from undertaking any investment in the Offer pursuant to reliance on the information in this Red Herring Prospectus based on, or derived from, the Industry Reports. You should consult your own advisors and undertake an independent assessment of information in this Red Herring Prospectus based on, or derived from, the Industry Reports before making any investment decision regarding the Offer. See “*Industry Overview*” on page 108.

**40. We have certain commercial relationships in the ordinary course of business with Ricardo UK Limited, an industry consulting firm, which has been commissioned by us to prepare the Ricardo Report referred to in this Red Herring Prospectus.**

Certain sections of this Red Herring Prospectus include information based on, or derived from the Ricardo Report which was commissioned by us. We also have commercial relationships with Ricardo on an arms' length basis and in the ordinary course of our business. In Fiscal Years 2018, 2019 and 2020, Ricardo assisted us in the development of our 48V BSG hybrid motor to meet our customer's requirements, including assisting us with review of software for our motor designs, providing gap analysis relating to software architecture, functionality, design standards, EMI/EMC capability and thermal management, implementation of base software in accordance with global standards and development of our BSG motor in compliance with our customer's requirements of functional safety standards. In 2018, Ricardo also assisted us in conducting a market survey and analysis for the hybrid and electrical vehicles market. As a percentage of Ricardo's total revenue, approximately 0.2% and 1.2% of Ricardo's revenue (based on invoice amounts) was generated from business relationships with our Company for Ricardo's financial year ended June 30, 2019 and June 30, 2020, respectively. These engagements we have entered into and any such future commercial relationships with Ricardo could potentially involve conflicts of interest.

**41. We have contingent liabilities.**

As of March 31, 2021, we had ₹101.35 million of contingent liabilities that had not been provided for. A summary table of our contingent liabilities as of March 31, 2021 as provided for in the Restated Consolidated Financial Information is set forth below:

	As of March 31, 2021 (₹ in millions)
1) Claims against the Group not acknowledged as debts .....	
i) Service tax	
Cases pending before Appellate Authorities in respect of which the Company has filed appeals / show cause notices. (FY 2005-06 to 2007-08).....	0.47
ii) Income Tax*	
Cases pending before Appellate Authorities in respect of which the Company has filed appeal (AY-2013-14) .....	2.12
Cases pending before Appellate Authorities in respect of which the Company has filed appeal (AY-2012-13) .....	3.18
Cases pending before Appellate Authorities in respect of which the Company has filed appeal (AY-2011-12) .....	4.21
Cases pending before ITAT in respect of which the Company has filed appeal (AY-2016-17)	2.00
Cases pending before CIT in respect of which the Company has filed appeal (AY-2017-18)**	70.78
Cases pending before CIT in respect of which the Company has filed appeal (AY-2018-19)***	3.73
iii) Central Excise Act, 1944 .....	
Case pending before Directorate General of Goods And Service Tax Intelligence in respect of which the Group has filed appeals/show cause notices. (FY 2014-15 to FY 2017-18)	14.85

\* Amount paid under protest of ₹24.48 million.

\*\* Total disputed amount of the case is ₹79.40 million (including interest liability) out of which ₹8.63 million (including interest liability) has been provided as a provision and balance amount of ₹70.78 million (including interest liability) is being disclosed as a contingent liability.

\*\*\* One of the subsidiaries of the Group has received an assessment order on April 2, 2021 under section 143(3) for the Assessment Year 2018-19 by disallowing: (i) the deduction claimed under section 35(2AB) of Income Tax Act 1961 (the Act) amounting to ₹307.24 million whereas the amount of allowance in Form 3CL amounted to ₹266.23 million resulting in excess claim of ₹41.01 million. Of the excess claim of ₹41.01 million, the assessing officer has admitted an amount of ₹27.34 million as revenue expenditure under section 35(2AB) which the Company is otherwise eligible to claim under section 37 of the Act. Therefore, the net disallowance amounted to ₹13.67 million (ii) provision for warranty amounting to ₹9.00 million was disallowed on the grounds that the same is disallowed during the Assessment Years 2016-17 and 2017-18. Considering the above mentioned disallowances, the assessing officer has raised a demand of ₹3.73 million under section 156 of the Act. The Company intends to file an appeal with the Commissioner of Income Tax-Appeals. Based on professional advice, the Company strongly believes that the case will be decided in their favour and hence no provision has been considered.

For details, see "Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations - Contingent Liabilities" on pages 239 and 394 for more information. Any or all of these contingent liabilities may become actual liabilities. In the event that any of our contingent liabilities become non-contingent, our business, financial condition and results of operations may be adversely affected. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current fiscal year or in the future.

**42. We have issued Equity Shares during the last one year at a price that may be below the Offer Price.**

During the last year we have issued the following Equity Shares at a price that may be lower than the Offer Price:

Date of Allotment	Number of Equity Shares Allotted	Face Value (₹)	Issue price per Equity Share (₹)	Names of allottees	Nature of consideration	Reason for allotment
January 27, 2021	594,436*	10	384.83	Singapore VII Topco III Pte. Ltd.	Cash*	Conversion of Preference Shares

\* Consideration for such Equity Shares was paid at the time of issuance of Preference Shares.

The price at which Equity Shares have been issued by our Company in the immediately preceding year is not indicative of the price at which they will be issued or traded. For further information refer to the section “*Capital Structure*” on page 77. Further, we cannot assure you that the Equity Shares issued in the future will be at or lower than the Offer Price.

**43. *Our funding requirements and proposed deployment of the Net Proceeds of the Offer have not been appraised by a bank or a financial institution and if there are any delays or cost overruns, our business, financial condition and results of operations may be adversely affected.***

We intend to use the Net Proceeds of the Fresh Issue for the purposes described in “*Objects of the Offer*” on page 89. The objects of the Fresh Issue have not been appraised by any bank or financial institution. Whilst a monitoring agency will be appointed for monitoring utilization of the Net Proceeds, the proposed utilization of Net Proceeds is based on current conditions, internal management estimates, contracts and are subject to changes in external circumstances or costs, or in other financial condition, business or strategy, as discussed further below. Based on the competitive nature of our industry, we may have to revise our business plan and/ or management estimates from time to time and consequently our funding requirements may also change. Our internal management estimates may exceed fair market value or the value that would have been determined by third party appraisals, which may require us to reschedule or reallocate our project and capital expenditure and may have an adverse impact on our business, financial condition, results of operations and cash flows.

Our Company, in accordance with the policies established by the Board from time to time, will have flexibility to deploy the Net Proceeds. Further, pending utilization of Net Proceeds towards the Objects of the Offer, our Company will have the flexibility to deploy the Net Proceeds and to deposit the Net Proceeds them temporarily in deposits with one or more scheduled commercial banks included in Second Schedule of Reserve Bank of India Act, 1939, as may be approved by our Board or IPO Committee. Accordingly, prospective investors in the Offer will need to rely upon our management’s judgment with respect to the use of Net Proceeds.

**44. *While our Company will receive proceeds from the Fresh Issue, it will not receive any proceeds from the Offer for Sale.***

In addition to the Fresh Issue from which our Company will receive proceeds, the Offer includes an Offer for Sale by Singapore VII Topco III Pte. Ltd. (“**Selling Shareholder**”). The Selling Shareholder will receive the entire proceeds from the Offer for Sale (after deducting applicable Offer Expenses) and our Company will not receive any part of such proceeds. For further details, see “*Objects of the Offer*” on page 89.

**45. *We have in the past entered into related party transactions and may continue to do so in the future.***

We have entered into certain transactions with related parties, including with respect to the payment of remuneration of certain of our Directors and our Key Managerial Personnel, reimbursement of expenses to our Promoters, receipt and repayment of loans obtained from our Promoters and purchase and sale of goods from other related parties. While we believe that, except for the relinquishment of our put option right in relation to shares of Sona Holding BV for a value of ₹19 million as set forth in Note 52 in our Restated Consolidated Financial Information, all such transactions have been conducted on an arm’s length basis and on commercially reasonable terms, there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties. Further, it is likely that we may enter into related party transactions in the future. While in terms of the Companies Act, 2013 and the SEBI Listing Regulations, certain related party transactions require Audit Committee and shareholders’ approval, there can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations or that we could not have achieved more favorable terms if such transactions had not been entered into with related parties. Additionally, any future transactions with our related parties could potentially involve conflicts of interest. For details of the related party transactions and as reported in the Restated Consolidated Financial Information, see “*Restated Consolidated Financial Information – Note 40*” on page 293.

**46. *Information relating to our installed capacities and the historical capacity utilization of our manufacturing facilities included in this Red Herring Prospectus is based on various assumptions and estimates and future production and capacity utilization may vary.***

Information relating to our installed capacities and the historical capacity utilization of our manufacturing facilities included in this Red Herring Prospectus is based on various assumptions and estimates of our management, including proposed operations, assumptions relating to availability and quality of raw materials and assumptions relating to potential utilization levels and

operational efficiencies. Actual utilization rates may differ significantly from the estimated installed capacities or historical estimated capacity utilization information of our facilities. Undue reliance should therefore not be placed on our installed capacity or historical estimated capacity utilization information for our existing facilities included in this Red Herring Prospectus.

**47. *Certain of our immovable properties, where some of our manufacturing units are located, are leased. If we are unable to renew existing leases or relocate our operations on commercially reasonable terms, there may be an adverse effect on our business, financial condition and operations.***

Some of our business operations are being conducted on premises leased from third parties. The tenure of the leases is generally agreed in the relevant lease agreements and in some cases are subject to renewal after the agreed period of time. The term of lease agreements for our manufacturing and assembly facilities ranges from 144 months to 1,140 months with restricted right to terminate the leases available with the lessors in majority of leases, subject to lock-in period and option of renewals in terms of the lease agreements available to the Company. While there are currently no instances of non-compliance of the terms of our lease agreements, there can be no assurance that there will be no such non-compliance leading to termination of such leases in the future. Any change in the terms and conditions of the lease agreements and any premature termination of such lease agreements may have an adverse impact on our operations. For details on location of properties, see “Our Business – Our operations – Manufacturing locations” on page 183.

Any adverse impact on the title, ownership rights, development rights of the owners from whose premises we operate, breach of the contractual terms of any lease, leave and license agreements, or any inability to renew such agreements on acceptable terms may also affect our operations. In addition, the terms of certain of our leases require us to obtain the lessor’s prior consent for certain actions, including making structural alterations to the leased premises, which may be required if we were to undertake an expansion in the future. There can be no assurance that we will be able to renew these leasing arrangements at commercially favorable terms, or at all. If we are unable to renew all or any of our leasing arrangements, it may cause disruptions in our business and we may incur substantial costs associated with shifting to new premises, all of which may adversely affect our business operations.

**48. *We are entitled to certain tax benefits in respect of certain of our manufacturing facilities and in-house Research and Development centers. These tax benefits are available for a definite period of time, which, on expiry or if withdrawn prematurely, may adversely affect our business, financial condition, results of operations and prospects.***

We are entitled to certain benefits in respect of our manufacturing facilities in Chennai and Mexico. All components and capital goods imported for our manufacturing unit in Chennai are exempt from payment of GST and customs duty as our Chennai manufacturing unit enjoys the status of a 100% export oriented unit (“EOU”). If our Chennai unit loses the EOU status either by way of a change in law or the business model (with domestic sales exceeding exports by more than 50%), we will be required to pay customs duty and GST upfront relating to the import of our components and capital goods for our unit in Chennai. We may be able to claim refund on the GST paid upfront against purchase of raw materials and components as input tax credit and the refund on customs duty as ‘duty drawback’ only after exports. This will result in additional cash outflows which could impact our cash flows, financial condition and results of operations. Our unit in Mexico is also entitled to certain tax benefits such as duty exemption for import of goods, as it is set up as a ‘Maquiladora’ unit. If such tax benefits are withdrawn, our unit in Mexico will be subject to additional tax payments on the import of components.

For further details, please see “Statement of Special Tax Benefits” on page 98.

Our profitability will be affected to the extent that such benefits will not be available beyond the periods currently contemplated. Our profitability may be further affected in the future if any of such benefits are reduced or withdrawn prematurely or if we are subject to any dispute with the tax authorities in relation to these benefits or in the event we are unable to comply with the requisite conditions in order to avail ourselves of each of these benefits. In the event that any adverse development in the law or the manner of its implementation affects our ability to benefit from these tax incentives, our business, financial condition, results of operations and prospects may be materially adversely affected.

**49. *Discontinuance or non-availability of fiscal benefits enjoyed by us or our inability to comply with related requirements may have an adverse effect on our business and results of operations.***

Our Company currently enjoys certain fiscal benefits on account of policies of the GoI, including concessions under the Export Promotion Capital Goods Scheme (the “EPCG Scheme”) of the GoI. The EPCG scheme allows import at zero custom duty and requires the importer to export equivalent to six times of duty saved on capital goods. Such equivalent amount is required to be fulfilled within six years from the date of issue of authorization. A 50% export obligation is required to be fulfilled within the first four years with the remaining 50% within the next two years. Non-fulfilment of such obligations may result in confiscation of capital goods imported under this scheme and other penalties as set out in this scheme. As of March 31, 2021, our export obligation under EPCG scheme was ₹2,903.78 million. In the event of any default under the EPCG Scheme, our results of operations may be adversely affected. As we seek to export a larger proportion of our systems and components outside India, any changes in the policies of the GoI could have a material adverse effect on our results of operations and financial condition.

Prior to January 1, 2021, we were also eligible to avail the incentives under the Merchandise Exports from India Scheme (“**MEIS**”), pursuant to which, we could use duty credit scrips for payment of import duty obligations or sell such duty credit scrips in the open market to other importers. In the case of our export products, with our current product mix, the average rate of MEIS was approximately 2.3% to 2.6% of free on board (“**FOB**”) value of exports. However, the Ministry of Finance, GoI has discontinued MEIS with effect from January 1, 2021 and announced a scheme for remission of duties and taxes on export products (“**RODTEP Scheme**”) for exporters. The GoI has also announced the Production Linked Incentive Scheme (“**PLI Scheme**”) for various industries, including the automotive industry. Although the RODTEP Scheme and the PLI Scheme are effective from January 1, 2021, the details of benefits available under these schemes are yet to be issued by the GoI. Since MEIS is already discontinued and specific details of the new schemes are not available, it is difficult to ascertain whether the discontinuation of the MEIS will have a positive or negative impact on our business.

**50. Our Company has unutilized amount from the Corporate Social Responsibility activities**

For Fiscals 2019, 2020 and 2021, our Company had earmarked ₹16.54 million, ₹22.99 million and ₹25.44 million, respectively, on a standalone basis, for corporate social responsibility (“**CSR**”) activities to be undertaken by our Company, of which, our Company has utilized ₹16.10 million, ₹11.79 million and ₹25.91 million, on standalone basis (including an amount of ₹5 million transferred to the CSR Unspent Account of our Company for an ongoing project) for various CSR initiatives for Fiscals 2019, 2020 and 2021, respectively. Although we have increased our focus on utilizing funds earmarked for CSR activities, we cannot assure you that we will be able to spend the amounts earmarked for CSR initiatives in the future.

**External Risks**

**51. Changing regulations in India could lead to new compliance requirements that are uncertain.**

The regulatory and policy environment in which we operate is evolving and is subject to change. The government of India (“**GoI**”) may implement new laws or other regulations and policies that could affect the automobile or manufacturing industry, which could lead to new compliance requirements, including requiring us to obtain approvals and licenses from the GoI and other regulatory bodies, or impose onerous requirements. New compliance requirements could increase our costs or otherwise adversely affect our business, financial condition and results of operations. Further, the manner in which new requirements will be enforced or interpreted can lead to uncertainty in our operations and could adversely affect our operations. Any changes to such laws, may adversely affect our business, financial condition, results of operations, cash flows and prospects:

For instance, the Taxation Laws (Amendment) Act, 2019, a tax legislation issued by India’s Ministry of Finance effective as of September 20, 2019, prescribes certain changes to the income tax rate applicable to companies in India. According to this legislation, companies can henceforth voluntarily opt in favour of a concessional tax regime (subject to no other special benefits/exemptions being claimed), which reduces the rate of income tax payable to 22% subject to compliance with conditions prescribed, from the erstwhile 25% or 30% depending upon the total turnover or gross receipt in the relevant period. Any such future amendments may affect our other benefits such as exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of tax free bonds, and long-term capital gains on equity shares if withdrawn by the statute in the future, and the same may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability.

The Finance Act, 2020 (“**Finance Act**”), has, amongst others things, provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and that dividend distribution tax (“**DDT**”), will not be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident and likely be subject to tax deduction at source. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source from such dividend. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares.

Further, the Government of India has announced the union budget for Fiscal 2022, pursuant to which the Finance Bill, 2021 (“**Finance Bill**”), has introduced various amendments. The Finance Bill has received assent from the President of India on March 28, 2021, and has been enacted as the Finance Act, 2021. We have not fully determined the impact of these recent and proposed laws and regulations on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. Further, if we are affected, directly or indirectly, by the application or interpretation of any provision of such laws and regulations or any related proceedings, or are required to bear any costs in order to comply with such provisions or to defend such proceedings, our business and financial performance may be adversely affected.

**52. A downgrade in credit ratings of India, may affect the trading price of the Equity Shares.**

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. India's sovereign rating decreased from Baa2 with a "negative" outlook to Baa3 with a "negative" outlook by Moody's and from BBB with a "stable" outlook to BBB with a "negative" outlook (Fitch) in June 2020; and from BBB "stable" to BBB "negative" by DBRS in May 2020. India's sovereign ratings from S&P is BBB- with a "stable" outlook in May 2021. Any further adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for reasons beyond our control such as, upon a change of government tax or fiscal policy. This could have an adverse effect on our ability to fund our growth on favorable terms or at all, and consequently adversely affect our business and financial performance and the price of the Equity Shares.

**53. *Political changes, natural disasters and other macroeconomic factors could adversely affect economic conditions in India***

Our Company is incorporated in India and the majority of its assets are located in India. Consequently, our performance and the market price of the Equity Shares may be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- the macroeconomic climate, including any increase in Indian interest rates or inflation;
- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- prevailing income conditions among Indian consumers and Indian corporations;
- epidemic, pandemic or any other public health in India or in countries in the region or globally, including in India's various neighboring countries, such as the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine and more recently, the COVID-19 pandemic;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries;
- occurrence of natural or man-made disasters (such as typhoons, flooding, earthquakes and fires) which may cause us to suspend our operations;
- prevailing regional or global economic conditions, including in India's principal export markets;
- other significant regulatory or economic developments in or affecting India or its consumption sector;
- international business practices that may conflict with other customs or legal requirements to which we are subject, including anti-bribery and anti-corruption laws;
- protectionist and other adverse public policies, including local content requirements, import/export tariffs, increased regulations or capital investment requirements;
- logistical and communications challenges;
- downgrading of India's sovereign debt rating by rating agencies;
- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms or on a timely basis; and
- being subject to the jurisdiction of foreign courts, including uncertainty of judicial processes and difficulty enforcing contractual agreements or judgments in foreign legal systems or incurring additional costs to do so.



Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares.

**54. *Financial instability in other countries may cause increased volatility in Indian financial markets.***

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States, Europe, China and certain emerging economies in Asia. Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby negatively affect the Indian economy. Financial disruptions could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

Further, economic developments globally can have a significant impact on India. Concerns related to a trade war between large economies may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Indian economy. Following the United Kingdom's exit from the European Union ("**Brexit**"), the United Kingdom ratified a trade and cooperation agreement governing its future relationship with the European Union, which is being applied provisionally from January 1, 2021 until it is ratified by the European Parliament and the Council of the European Union. Significant political, regulatory and economic uncertainty remains about how the precise terms of the relationship between the parties will differ from the terms before withdrawal, and more generally, as to the impact of Brexit on the general economic conditions in the United Kingdom and the European economies and any consequential impact on global financial markets. For example, Brexit could give rise to increased volatility in foreign exchange rate movements and the value of equity and debt investments. In addition, China is one of India's major trading partners and there are rising concerns of a strained relationship with India, which could have an adverse impact on the trade relations between the two countries. Risks resulting from a relapse in the Eurozone crisis or any future debt crisis in Europe or any similar crisis could have a detrimental impact on consumer confidence levels and global economic recovery. The sovereign rating downgrades for Brazil and Russia (and the imposition of sanctions on Russia) have also added to the growth risks for these markets. These factors may also result in a slowdown in India's export growth.

These developments, or the perception that any related developments could occur, have had and may continue to have a material adverse effect on global economic conditions and financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. This could have a material adverse effect on our business, financial condition and results of operations and reduce the price of the Equity Shares.

**55. *If inflation rises in India, increased costs may result in a decline in profits.***

Inflation rates in India have been volatile in recent years, and such volatility may continue. India has experienced high inflation in the recent past. Increasing inflation in India could cause a rise in the costs of rent, wages, raw materials and other expenses. High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to adequately pass on to our clients, whether entirely or in part, and may adversely affect our business and financial condition. If we are unable to increase our revenues sufficiently to offset our increased costs due to inflation, it could have an adverse effect on our business, prospects, financial condition, results of operations and cash flows. Further, the GoI has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

**56. *Significant differences exist between Ind AS and other accounting principles, such as Generally Accepted Accounting Principles in India, International Financial Reporting Standards and U.S. GAAP, which may be material to investors' assessments of our financial condition, result of operations and cash flows.***

Our Restated Consolidated Financial Information for Fiscal Years 2019, 2020 and 2021 included in this Red Herring Prospectus are presented in conformity with Ind AS, in each case restated in accordance with the requirements of Section 26 of part I of the Companies Act, 2013, the SEBI ICDR Regulations and the Guidance Note on "*Reports in Company Prospectus (Revised 2019)*" issued by the ICAI. Ind AS differs from accounting principles with which prospective investors may be familiar, such as Indian GAAP, IFRS and U.S. GAAP. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. US GAAP and IFRS differ in significant respects from Ind AS and Indian GAAP. Accordingly, the degree to which the Ind AS and Indian GAAP financial statements, which are restated as per the SEBI ICDR Regulations included in this Red Herring Prospectus, will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should be limited accordingly.

**57. *Our business and activities may be regulated by the Competition Act, 2002 and any breach thereof may invite sanctions.***

The Competition Act prohibits any anti competition agreement or arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India.

The Competition Act also prohibits abuse of a dominant position by any enterprise. The combination regulation (merger control) provisions under the Competition Act require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to, and pre-approved by, the Competition Commission of India, or CCI. Any breach of the provisions of Competition Act, may attract substantial monetary penalties.

The Competition Act aims to, among other things, prohibit all agreements and transactions, which may have an appreciable adverse effect in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside of India if such agreement, conduct or combination has an appreciable adverse effect in India. We are not currently party to any outstanding proceedings, nor have we ever received any notice in relation to non-compliance with the Competition Act. Any enforcement proceedings initiated by the CCI in future, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI may affect our business, financial condition and results of operations.

**58. *Our ability to raise foreign capital may be constrained by Indian law.***

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

**59. *Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.***

Under foreign exchange regulations which are currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the valuation and reporting requirements specified under applicable law. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions, then prior approval of the relevant regulatory authority is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. Further, this conversion is subject to the shares having been held on a repatriation basis and, either the security having been sold in compliance with the pricing guidelines or, the relevant regulatory approval having been obtained for the sale of shares and corresponding remittance of the sale proceeds. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained with or without any particular terms or conditions.

For further information, see “*Restrictions on Foreign Ownership of Indian Securities*” on page 444. Our ability to raise any foreign capital under the FDI route is therefore constrained by Indian law, which may adversely affect our business, financial condition, cash flows, results of operations and prospects.

**Risks Related to the Offer**

**60. *We cannot assure payment of dividends on the Equity Shares in the future.***

While our declaration of dividends is at the discretion of our Board and subject to Shareholder approval as set out in the section titled “*Dividend Policy*” on page 238, the amount of future dividend payments by our Company, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures, applicable Indian legal restrictions and other factors. Our Company may decide to retain all of its earnings to finance the development and expansion of its business and therefore, we may not declare dividends on the Equity Shares. Additionally, we may, in the future, be restricted by the terms of our loan agreements to make any dividend payments unless otherwise agreed with our lenders.

**61. *Our Equity Shares have never been publicly traded, and after the Offer, the Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop. Further, the Offer Price may not be indicative of the market price of the Equity Shares after the Offer.***

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The Offer Price of the Equity Shares is proposed to be determined through a book-building process and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to

the industry we operate in, developments relating to India, volatility in securities markets in jurisdictions other than India, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors. Consequently, the price of our Equity Shares may be volatile, and you may be unable to resell your Equity Shares at or above the Offer Price, or at all.

There has been significant volatility in the Indian stock markets in the recent past, and our Equity Share price could fluctuate significantly because of market volatility. A decrease in the market price of our Equity Shares could cause investors to lose some or all of their investment.

**62. *Investors may be subject to Indian taxes arising out of income arising on the sale of the Equity Shares.***

Under current Indian tax laws and regulations, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. A securities transaction tax (“STT”) is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of equity shares held for more than 12 months, which are sold using any other platform other than on a recognized stock exchange and on which no STT has been paid, are subject to long-term capital gains tax in India. Until March 31, 2018, any gain realized on the sale of equity shares, listed on a stock exchange and held for more than 12 months was not subject to capital gains tax in India if STT was paid on the transaction. However, with the enactment of the Finance Act, 2018 the exemption previously granted in respect of payment of long-term capital gains tax has been withdrawn and such taxes are now payable by the investors with effect from April 1, 2018. The Finance Act, 2018 provides that existing investors are eligible for relief on such capital gains accrued until January 31, 2018 and any long-term capital gains made after January 31, 2018 shall be subject to taxation.

The Finance Act, 2019 amended the Indian Stamp Act, 1899 with effect from July 1, 2020 clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. As such, there is no certainty on the impact that the Finance Act, 2019 may have on our Company’s business and operations.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. In cases where the seller is a non-resident, capital gains arising from the sale of the equity shares will be partially or wholly exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident.

Historically, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the equity shares.

Further, we cannot predict whether any tax laws or other regulations impacting it will be enacted, or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations would have a material adverse effect on our business, financial condition, results of operations and cash flows.

**63. *Investors will not be able to sell immediately on an Indian stock exchange any of the Equity Shares they purchase in the Offer.***

The Equity Shares will be listed on the Stock Exchanges. Pursuant to applicable Indian laws, certain actions must be completed before the Equity Shares can be listed and trading in the Equity Shares may commence. Investors’ book entry, or ‘demat’ accounts with depository participants in India, are expected to be credited within one working day of the date on which the Basis of Allotment is approved by the Stock Exchanges. The Allotment of Equity Shares in this Offer and the credit of such Equity Shares to the applicant’s demat account with depository participant could take approximately five Working Days from the Bid Closing Date and trading in the Equity Shares upon receipt of final listing and trading approvals from the Stock Exchanges is expected to commence within six Working Days of the Bid Closing Date. There could be a failure or delay in listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise commence trading in the Equity Shares would restrict investors’ ability to dispose of their Equity Shares. There can be no assurance that the Equity Shares will be credited to investors’ demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in this risk factor. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.

**64. *QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid, and Retail Individual Investors are not permitted to withdraw their Bids after Bid/Offer Closing Date.***

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are required to pay the Bid Amount on submission of the Bid and are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at

any stage after submitting a Bid. Retail Individual Investors can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date. While our Company is required to complete all necessary formalities for listing and commencement of trading of the Equity Shares on all Stock Exchanges where such Equity Shares are proposed to be listed including Allotment pursuant to the Offer within six Working Days from the Bid/Offer Closing Date, events affecting the Bidders' decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events limit the Bidders' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

**65. *There is no guarantee that our Equity Shares will be listed on the BSE and NSE in a timely manner or at all.***

In accordance with Indian law and practice, permission for listing and trading of our Equity Shares will not be granted until after certain actions have been completed in relation to this Offer and until Allotment of Equity Shares pursuant to this Offer.

In accordance with current regulations and circulars issued by SEBI, our Equity Shares are required to be listed on the BSE and NSE within such time as mandated under UPI Circulars, subject to any change in the prescribed timeline in this regard. However, we cannot assure you that the trading in our Equity Shares will commence in a timely manner or at all. Any failure or delay in obtaining final listing and trading approvals may restrict your ability to dispose of your Equity Shares.

**66. *Investors may have difficulty in enforcing foreign judgments against our Company or our management.***

Our Company is a limited liability company incorporated under the laws of India. The majority of our directors and executive officers are residents of India. A substantial portion of our Company's assets and the assets of our Directors and executive officers resident in India are located in India. As a result, it may be difficult for investors to effect service of process upon us or such persons outside India or to enforce judgments obtained against our Company or such parties outside India.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions, which includes, the United Kingdom, Singapore, UAE, and Hong Kong. A judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the Civil Code. The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in a non-reciprocating territory, such as the United States, for civil liability, whether or not predicated solely upon the general securities laws of the United States, would not be enforceable in India under the Civil Code as a decree of an Indian court.

The United Kingdom, Singapore, UAE, and Hong Kong have been declared by the Government of India to be reciprocating territories for purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit on the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated on except (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Code, a court in India shall, on the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record. The Civil Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court.

However, the party in whose favor such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States or other such jurisdiction within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis as a foreign court if an action is brought in India. Moreover, it is unlikely that an Indian court would award damages to the extent awarded in a final judgment rendered outside India if it believes that the amount of damages awarded were excessive or inconsistent with Indian practice. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered.

**67. *Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.***

Under the Companies Act, a company having share capital and incorporated in India is required to offer holders of its Equity Shares pre-emptive rights to subscribe and pay for a proportionate number of Equity Shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the Equity Shares who have voted on such resolution. However, if the laws of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, you may suffer future dilution of your ownership position and your proportional interests in us would be reduced.

**68. *Any future issuance of Equity Shares or convertible securities or other equity linked securities by our Company may dilute your shareholding and sales of the Equity Shares by our major shareholders may adversely affect the trading price of the Equity Shares.***

Any future issuance of the Equity Shares or securities linked to the Equity Shares by our Company, including issuance of Equity Shares to employees or former employees upon exercise of vested options held by them under ESOP 2020, may dilute your shareholding. Any such future issuance of the Equity Shares or future sales of the Equity Shares by any of our significant shareholders may also adversely affect the trading price of the Equity Shares and impact our ability to raise funds through an offering of our securities. Any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. Additionally, the disposal, pledge or encumbrance of the Equity Shares by any of our significant shareholders, or the perception that such transactions may occur, may affect the trading price of the Equity Shares. There can be no assurance that we will not issue further Equity Shares or that our existing Shareholders including our Promoters will not dispose of further Equity Shares after the completion of the Offer (subject to compliance with the lock-in provisions under the SEBI ICDR Regulations) or pledge or encumber their Equity Shares. Any future issuances could also dilute the value of shareholder's investment in the Equity Shares and adversely affect the trading price of our Equity Shares. Such securities may also be issued at prices below the Offer Price. We may also issue convertible debt securities to finance our future growth or fund our business activities. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares.

**69. *A third party could be prevented from acquiring control of our Company because of anti-takeover provisions under Indian law.***

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Such provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of our Company. Under the SEBI Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of the SEBI Takeover Regulations.

**70. *Rights of shareholders of companies under Indian law may be more limited than under the laws of other jurisdictions.***

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive and widespread as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder in an Indian company than as a shareholder of an entity in another jurisdiction.

## SECTION III: INTRODUCTION

### THE OFFER

The following table summarizes the Offer details:

Offer of Equity Shares of face value of ₹ 10 each <sup>(1)(2)</sup>	Up to [●] Equity Shares aggregating up to ₹ 55,500 million
<i>of which:</i>	
(i) Fresh Issue <sup>(1)</sup>	Up to [●] Equity Shares aggregating up to ₹ 3,000 million
(ii) Offer for Sale <sup>(2)</sup>	Up to [●] Equity Shares aggregating up to ₹ 52,500 million by the Selling Shareholder (Singapore VII Topco III Pte. Ltd.)
The Offer comprises:	
A) QIB Portion <sup>(3)(4)</sup>	Not less than [●] Equity Shares
<i>of which:</i>	
(i) Anchor Investor Portion	Up to [●] Equity Shares
<i>of which:</i>	
Available for allocation to Mutual Funds only	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
(ii) Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares
<i>of which:</i>	
Available for allocation to Mutual Funds only (5% of the Net QIB Portion) <sup>(3)</sup>	[●] Equity Shares
Balance of QIB Portion for all QIBs including Mutual Funds	[●] Equity Shares
B) Non-Institutional Portion	Not more than [●] Equity Shares
C) Retail Portion	Not more than [●] Equity Shares
<b>Pre-Offer and post-Offer Equity Shares</b>	
Equity Shares outstanding prior to the Offer (as on date of this Red Herring Prospectus)	572,980,560 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
<b>Utilisation of Net Proceeds</b>	See “Objects of the Offer” beginning on page 89 for details regarding the use of proceeds from the Net Proceeds. Our Company will not receive any proceeds from the Offer for Sale.

<sup>(1)</sup> The Fresh Issue has been authorized by resolutions of our Board of Directors at their meeting held on January 27, 2021 and February 22, 2021 and a special resolution passed by our shareholders at their meeting held on January 30, 2021.

<sup>(2)</sup> The Selling Shareholder (Singapore VII Topco III Pte. Ltd.) has authorised and consented to participate in the Offer for Sale. For details on the authorisations and consents of the Selling Shareholder (Singapore VII Topco III Pte. Ltd.) in relation to their Offered Shares, see “Other Regulatory and Statutory Disclosures” beginning on page 406. The Equity Shares being offered by the Selling Shareholder (Singapore VII Topco III Pte. Ltd.) has been held for a period of at least one year immediately preceding the date of filing the Draft Red Herring Prospectus with SEBI, or are otherwise eligible for being offered for sale pursuant to the Offer in terms of the SEBI ICDR Regulations.

<sup>(3)</sup> Subject to valid Bids being received at or above the Offer Price, undersubscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories of Bidders at the discretion of our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers, and the Designated Stock Exchange, subject to applicable laws. In case of under-subscription in the Offer, Equity Shares shall be allocated in the manner specified in the section “Terms of the Offer” beginning on page 421.

<sup>(4)</sup> Our Company and the Selling Shareholder may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. The QIB Portion will be accordingly reduced for the Equity Shares allocated to Anchor Investors. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the remaining Equity Shares shall be added to the Net QIB Portion. 5% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For details, see “Offer Procedure” beginning on page 428.

Allocation to Bidders in all categories except the Anchor Investor Portion and the Retail Portion, if any, shall be made on a proportionate basis subject to valid Bids received at or above the Offer Price. The allocation to each RIB shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be allocated on a proportional basis. For further details, see “Offer Procedure” beginning on page 428.

For details of the terms of the Offer, see “Terms of the Offer” beginning on page 421.

## SUMMARY OF RESTATED CONSOLIDATED FINANCIAL INFORMATION

*The following tables provide the summary of financial information of our Company derived from the Restated Consolidated Financial Information as at and for Financial Years ended March 31, 2021, March 31, 2020 and March 31, 2019.*

*The Restated Consolidated Financial Information referred to above is presented under “Financial Information” beginning on page 239. The summary of financial information presented below should be read in conjunction with the Restated Consolidated Financial Information, the notes thereto and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 361.*

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(₹ in millions)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3,449.02	2,845.07	1,783.52
Capital work-in-progress	821.36	581.37	131.67
Right-of-use assets	1,592.65	1,419.41	405.13
Goodwill on consolidation (including assembled workforce)	1,758.09	1,758.09	-
Other intangible assets	5,366.21	4,629.18	723.91
Intangible assets under development	10.76	315.00	-
Financial assets			
(i) Investments	-	19.00	-
(ii) Loans	57.77	50.79	23.14
(iii) Other financial assets	-	0.87	38.11
Income tax assets (net)	186.74	291.42	11.24
Other non-current assets	296.23	278.49	84.19
<b>Total non-current assets</b>	<b>13,538.83</b>	<b>12,188.69</b>	<b>3,200.91</b>
<b>Current assets</b>			
Inventories	3,055.57	1,962.36	677.84
Financial assets			
(i) Trade receivables	4,169.87	2,336.28	1,520.98
(ii) Cash and cash equivalents	249.48	1,049.85	1.94
(iii) Bank balances other than (ii) above	26.27	623.08	254.12
(iv) Loans	15.07	4.92	0.19
(v) Other financial assets	151.65	5.30	32.26
Other current assets	541.56	336.34	130.40
<b>Total current assets</b>	<b>8,209.47</b>	<b>6,318.13</b>	<b>2,617.73</b>
Assets of disposal group classified as held for sale	-	-	10,506.93
<b>Total assets</b>	<b>21,748.30</b>	<b>18,506.82</b>	<b>16,325.57</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	5,729.80	471.54	277.18
Instruments entirely equity in nature	-	5.94	-
Other equity	7,309.21	11,301.93	1,460.59
<b>Equity attributable to the owners</b>	<b>13,039.01</b>	<b>11,779.41</b>	<b>1,737.77</b>
<b>Non-controlling interest</b>	-	-	24.23
<b>Total equity</b>	<b>13,039.01</b>	<b>11,779.41</b>	<b>1,762.00</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	1,907.01	1,768.22	733.07
(ii) Lease liabilities	720.15	532.33	156.84
(iii) Other financial liabilities	1.24	1.24	1.24
Provisions	86.78	66.78	23.82
Deferred tax liabilities (net)	1,260.22	1,076.71	110.55
<b>Total non-current liabilities</b>	<b>3,975.40</b>	<b>3,445.28</b>	<b>1,025.52</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	1,144.99	846.09	389.10
(ii) Trade payables			
-Total outstanding dues of micro enterprises and small enterprises	495.83	166.99	76.77
-Total outstanding dues of creditors other than micro enterprises and small enterprises	1,745.26	995.26	615.44
(iii) Lease liabilities	105.27	71.73	24.06
(iv) Other financial liabilities	828.79	922.65	1,027.44
Other current liabilities	170.77	110.35	120.93
Provisions	72.69	51.06	15.76
Current tax liabilities (net)	170.29	118.00	0.71
<b>Total current liabilities</b>	<b>4,733.89</b>	<b>3,282.13</b>	<b>2,270.21</b>
Liabilities of disposal group classified as held for sale	-	-	11,267.84
<b>Total liabilities</b>	<b>8,709.29</b>	<b>6,727.41</b>	<b>14,563.57</b>
<b>Total equity and liabilities</b>	<b>21,748.30</b>	<b>18,506.82</b>	<b>16,325.57</b>



(₹ in millions)			
Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Income</b>			
Revenue from operations	15,663.00	10,379.82	6,992.20
Other income	23.41	57.83	32.81
<b>Total income</b>	<b>15,686.41</b>	<b>10,437.65</b>	<b>7,025.01</b>
<b>Expenses</b>			
Cost of materials consumed	7,094.78	4,424.22	1,928.41
Changes in inventories of finished goods and work-in-progress	(641.68)	31.78	122.19
Employee benefits expense	1,474.49	1,027.30	490.04
Finance costs	325.15	259.75	177.63
Depreciation and amortisation expense	969.40	671.20	309.57
Other expenses	3,325.25	2,473.75	2,451.71
<b>Total expenses</b>	<b>12,547.39</b>	<b>8,888.00</b>	<b>5,479.55</b>
<b>Profit before profit in associate, tax and exceptional item</b>	<b>3,139.02</b>	<b>1,549.65</b>	<b>1,545.46</b>
Share of profit in associate	-	-	2.17
<b>Profit before exceptional items and tax</b>	<b>3,139.02</b>	<b>1,549.65</b>	<b>1,547.63</b>
Exceptional item	139.06	(2,320.53)	-
<b>Profit before tax</b>	<b>2,999.96</b>	<b>3,870.18</b>	<b>1,547.63</b>
Tax expense			
- Current tax	666.02	365.04	471.52
- Deferred tax (credit)/charge	182.29	(98.29)	74.97
<b>Total tax expense</b>	<b>848.31</b>	<b>266.75</b>	<b>546.49</b>
<b>Profit for the year from continuing operations</b>	<b>2,151.65</b>	<b>3,603.43</b>	<b>1,001.14</b>
Discontinued operations:			
Profit for the year from discontinued operation before tax	-	-	1,127.32
Tax expense of discontinued operations	-	-	(396.66)
<b>Profit for the year</b>	<b>2,151.65</b>	<b>3,603.43</b>	<b>1,731.80</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of defined benefit obligations	4.86	12.28	(1.02)
Income tax relating to above mentioned item	(1.22)	(3.57)	0.36
Changes in fair values of equity instruments carried at fair value through other comprehensive income	(19.00)	(309.28)	-
<i>Items that will be reclassified to profit or loss</i>			
Exchange difference on translation of foreign subsidiaries	2.92	14.00	-
<b>Other comprehensive loss for the year, net of tax from continuing operations</b>	<b>(12.44)</b>	<b>(286.57)</b>	<b>(0.66)</b>
Other comprehensive income for the year, net of tax from discontinued operations	-	-	6.46
<b>Total comprehensive income for the year</b>	<b>2,139.21</b>	<b>3,316.86</b>	<b>1,737.60</b>
<b>Profit attributable to:</b>			
Owners	2,151.65	3,603.43	1,729.71
Non-controlling interests	-	-	2.09
<b>Profit attributable to owners arising from:</b>			
Continuing operations	2,151.65	3,603.43	1,001.14
Discontinued operations	-	-	728.57
<b>Profit attributable to non-controlling interests arising from:</b>			
Continuing operations	-	-	-
Discontinued operations	-	-	2.09
<b>Other comprehensive loss attributable to:</b>			
Owners	(12.44)	(286.57)	6.29
Non-controlling interests	-	-	(0.49)
<b>Other comprehensive loss attributable to owners arising from:</b>			
Continuing operations	(12.44)	(286.57)	(0.66)
Discontinued operations	-	-	6.95
<b>Other comprehensive income attributable to non-controlling interests arising from:</b>			
Continuing operations	-	-	-
Discontinued operations	-	-	(0.49)
<b>Total comprehensive income attributable to:</b>			
Owners	2,139.21	3,316.86	1,736.00
Non-controlling interests	-	-	1.60
<b>Total comprehensive income attributable to owners arises from:</b>			
Continuing operations	2,139.21	3,316.86	1,000.48
Discontinued operations	-	-	735.52
<b>Total comprehensive income attributable to non-controlling interests arises from:</b>			
Continuing operations	-	-	-
Discontinued operations	-	-	1.60
<b>Earnings per equity share of face value of ₹ 10 each</b>			
Earnings per share from continuing operations (Basic) (in ₹)	3.76	7.06	3.01
Earnings per share from discontinued operations (Basic) (in ₹)	-	-	2.19
Earnings per share from continuing operations (Diluted) (in ₹)	3.75	7.06	3.01
Earnings per share from discontinued operations (Diluted) (in ₹)	-	-	2.19

(₹ in millions)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>A Cash flows from operating activities</b>			
Profit before income tax	2,999.96	3,870.18	1,547.63
Adjustments for:			
Depreciation and amortisation expense	969.40	671.20	309.57
Loss on sale of property plant and equipment (net)	2.92	5.25	3.67
(Gain)/loss on allowance for doubtful receivables and advances	(3.63)	3.52	2.01
Share based payments	45.37	-	-
Unwinding of discount on fair valuation of security deposits	(0.70)	(0.84)	0.10
Amortisation of transaction cost based on effective interest rate	(2.32)	(0.68)	(2.90)
Unwinding of discount on deferred payment liabilities	1.07	4.02	3.72
Gain on loss of control over a subsidiary company	-	(2,320.53)	-
Provision for slow moving inventory	31.86	0.80	7.92
Liabilities/ provisions no longer required written back	-	(15.00)	(4.62)
Fair value (gain)/loss on derivatives	(374.24)	266.62	(6.47)
Profit on sale of investments	0.15	(18.00)	-
Share of (profit) in associate	-	-	(2.17)
Finance costs	325.15	259.75	177.63
Interest income	(28.80)	(19.91)	(27.33)
Unrealised foreign exchange (gain)	59.72	(58.64)	0.09
<b>Operating profit before working capital changes</b>	<b>4,025.91</b>	<b>2,647.74</b>	<b>2,008.85</b>
<b>Changes in working capital</b>			
Movement in inventories	(1,129.20)	208.68	37.99
Movement in trade receivables	(1,922.55)	46.13	(101.45)
Movement in other financial asset	15.67	(108.60)	315.05
Movement in other assets	(181.38)	118.01	(151.63)
Movement in trade payable	1,084.94	(40.29)	(246.94)
Movement in financial liabilities	(58.13)	20.78	554.63
Movement in provision	60.29	1.56	(16.51)
Movement in other current liabilities	59.88	(82.51)	45.68
<b>Cash generated from operations</b>	<b>1,955.43</b>	<b>2,811.50</b>	<b>2,445.67</b>
Direct taxes paid	(528.17)	(278.09)	(494.07)
<b>Net cash flow generated from operating activities (Continuing operations)</b>	<b>1,427.26</b>	<b>2,533.41</b>	<b>1,951.60</b>
<b>Net cash flow used in operating activities (Discontinued operations)</b>	<b>-</b>	<b>-</b>	<b>(405.55)</b>
<b>Net cash flow generated from operating activities - Total (A)</b>	<b>1,427.26</b>	<b>2,533.41</b>	<b>1,546.05</b>
<b>B Cash flows from investing activities</b>			
Payments for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances	(2,189.37)	(2,120.60)	(1,417.69)
Proceeds from sale of property, plant and equipment	9.07	1.19	3.67
Movement in bank deposits (net)	597.79	(331.72)	(254.12)
Amount received on losing of control over subsidiary (net of cash and cash equivalents in the books of subsidiary)	-	1,011.12	-
Sale of current investment investments	-	80.00	7.51
Purchase of long term investments	(0.10)	-	-
Acquisition of subsidiaries (net of cash and cash equivalents in the books of subsidiaries)	-	(8,218.00)	-
Interest received	21.97	35.91	27.33
<b>Net cash (used in) investing activities (Continuing operations)</b>	<b>(1,560.64)</b>	<b>(9,542.10)</b>	<b>(1,633.30)</b>
<b>Net cash generated from investing activities (Discontinued operations)</b>	<b>-</b>	<b>-</b>	<b>3,674.77</b>
<b>Net cash (used in)/ generated from investment activities - Total (B)</b>	<b>(1,560.64)</b>	<b>(9,542.10)</b>	<b>2,041.47</b>
<b>C Cash flows from financing activities</b>			
Proceeds from short term borrowings, net	298.52	256.99	39.59
Proceeds from long term borrowings	717.57	1,607.55	343.18
Repayment of long term borrowings	(407.97)	(373.66)	(534.76)
Repayment of deferred payment liabilities	(12.47)	(86.42)	(1.57)
Repayment of lease liabilities	(91.34)	(56.88)	(23.31)
Dividend paid	(904.02)	(968.09)	-
Dividend tax paid	-	(197.99)	-
Proceeds from issue of equity shares	-	8,477.30	-
Proceeds from issue of compulsorily convertible preference shares	-	228.76	-
Buyback of shares	-	(814.21)	-
Tax paid on buy back of shares	-	(183.64)	-
Expense related to capital raising	-	-	-
Fees paid for increase in authorised share capital	(20.97)	(8.72)	-
Interest paid	(246.31)	(212.75)	(160.19)
<b>Net cash (used in)/ generated from financing activities - (Continuing operations)</b>	<b>(666.99)</b>	<b>7,668.24</b>	<b>(337.06)</b>
<b>Net cash (used in) financing activities - (Discontinued operations)</b>	<b>-</b>	<b>-</b>	<b>(3,124.17)</b>
<b>Net cash (used in)/ generated from financing activities - Total (C)</b>	<b>(666.99)</b>	<b>7,668.24</b>	<b>(3,461.23)</b>
<b>D Net (decrease)/increase in cash and cash equivalents (A)+(B)+(C)</b>	<b>(800.37)</b>	<b>659.55</b>	<b>126.29</b>
<b>E Cash and cash equivalents at the beginning of the year</b>	<b>1,049.85</b>	<b>390.30</b>	<b>264.01</b>
<b>F Cash and cash equivalents at the end of the year (D)+(E)</b>	<b>249.48</b>	<b>1,049.85</b>	<b>390.30</b>
<b>Reconciliation of cash and cash equivalents as per the cash flow statement</b>			
Cash and cash equivalents as per above comprise of the following			
Balances in current accounts	247.98	445.43	1.84
Cash on hand	0.10	0.14	0.10
Bank deposits with original maturity of less than three months	1.40	604.28	-
Balances of cash and cash equivalents of disposal group classified as held for sale (refe note 49)	-	-	388.36
<b>Balances per statement of cash flows</b>	<b>249.48</b>	<b>1,049.85</b>	<b>390.30</b>
Cash and cash equivalents of discontinued operations, classified as held for sale (refe note 49)	-	-	388.36
Cash and cash equivalents of continuing operations	-	1,049.85	1.94

## **SUMMARY OF PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**

*The following tables provide the summary of the Pro Forma Consolidated Financial Information (to be read in conjunction with the “Management’s Discussion and Analysis of Financial Conditional and Results of Operations – Basis of Preparation of the Pro Forma Consolidated Financial Information” on page 382) as at and for the years ended March 31, 2019, 2020 and 2021, to show the impact of the acquisition of Comstar Entities on our Company, as if the acquisition had been completed at a date prior to the first period presented therein. Further, the erstwhile subsidiary SONA BV and its subsidiaries, and the erstwhile associate, Sona Skill Development Centre Limited, have not been considered for consolidation in the Pro Forma Consolidated Financial Information. For further details, see “Financial Information – Pro Forma Consolidated Financial Information” on page 318; “History and Certain Corporate Matters – Material acquisitions or divestments of business or undertakings, mergers, amalgamations or revaluation of assets in the last 10 years” on page 208; and “Risk Factors - The Pro Forma Consolidated Financial Information included in this RHP to reflect the acquisition of Comstar Entities is not indicative of our future financial condition or factual financial position or results of operations”.*

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(₹ in millions)			
Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3,449.02	2,845.07	2,459.42
Capital work-in-progress	821.36	581.37	180.67
Right-of-use assets	1,592.65	1,419.41	1,049.20
Goodwill on consolidation (including assembled workforce)	1,758.09	1,758.09	1,758.09
Intangible assets	5,366.21	4,629.18	4,814.43
Intangible assets under development	10.76	315.00	85.00
Financial assets			
Investments	-	19.00	328.27
Loans	57.77	50.79	30.14
Other financial assets	-	0.87	38.11
Income tax assets (net)	186.74	291.42	280.24
Other non-current assets	296.23	278.49	159.41
Deferred tax asset (net)	-	-	-
<b>Total non-current assets</b>	<b>13,538.83</b>	<b>12,188.69</b>	<b>11,182.98</b>
<b>Current assets</b>			
Inventories	3,055.57	1,962.36	1,838.11
Financial assets			
Investments	-	-	129.00
Trade receivables	4,169.87	2,336.28	2,732.98
Cash and cash equivalents	249.48	1,049.85	360.94
Bank balances other than cash and cash equivalents	26.27	623.08	254.12
Loans	15.07	4.92	1.19
Other financial assets	151.65	5.30	157.01
Income tax assets (net)	-	-	-
Other current assets	541.56	336.34	349.78
<b>Total current assets</b>	<b>8,209.47</b>	<b>6,318.13</b>	<b>5,823.13</b>
Assets held for sale (Investment in Sona BV)	-	-	1,399.48
<b>Total assets</b>	<b>21,748.30</b>	<b>18,506.82</b>	<b>18,405.59</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	5,729.80	471.54	277.18
Instruments entirely equity in nature	-	5.94	-
Equity and convertible preference shares to be issued	-	-	8,706.06
Other equity	7,309.21	11,301.93	3,616.06
<b>Total equity</b>	<b>13,039.01</b>	<b>11,779.41</b>	<b>12,599.30</b>
<b>Total equity</b>	<b>13,039.01</b>	<b>11,779.41</b>	<b>12,599.30</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	1,907.01	1,768.22	733.07
Lease liabilities	720.15	532.33	180.61
Other financial liabilities	1.24	1.24	1.24
Provisions	86.78	66.78	56.82
Deferred tax liabilities (net)	1,260.22	1,076.71	1,523.24
<b>Total non-current liabilities</b>	<b>3,975.40</b>	<b>3,445.28</b>	<b>2,494.98</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	1,144.99	846.09	620.10
Trade payables			
-Total outstanding dues of micro enterprises and small enterprises	495.83	166.99	269.77
-Total outstanding dues of creditors other than micro enterprises and small enterprises	1,745.26	995.26	1,123.44
Lease liabilities	105.27	71.73	26.15
Other financial liabilities	828.79	922.65	1,056.44
Other current liabilities	170.77	110.35	143.94
Provisions	72.69	51.06	70.76
Current tax liabilities (net)	170.29	118.00	0.71
<b>Total current liabilities</b>	<b>4,733.89</b>	<b>3,282.13</b>	<b>3,311.31</b>
<b>Total liabilities</b>	<b>8,709.29</b>	<b>6,727.41</b>	<b>5,806.29</b>
<b>Total equity and liabilities</b>	<b>21,748.30</b>	<b>18,506.82</b>	<b>18,405.59</b>

(₹ in millions)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Income</b>			
Revenue from operations	15,663.00	12,200.91	14,277.20
Other income	23.41	75.83	57.81
<b>Total income</b>	<b>15,686.41</b>	<b>12,276.74</b>	<b>14,335.01</b>
<b>Expenses</b>			
Cost of materials consumed	7,094.78	5,117.30	5,616.41
Changes in inventories of finished goods and work-in-progress	(641.68)	22.05	168.92
Employee benefits expense	1,474.49	1,222.30	1,238.04
Finance costs	325.15	268.75	197.86
Depreciation and amortization expense	969.40	781.85	722.45
Other expenses	3,325.25	2,585.71	3,131.40
<b>Total expenses</b>	<b>12,547.39</b>	<b>9,997.96</b>	<b>11,075.08</b>
<b>Profit before exceptional item and tax</b>	<b>3,139.02</b>	<b>2,278.78</b>	<b>3,259.93</b>
Exceptional item	139.06	-	-
<b>Profit before tax</b>	<b>2,999.96</b>	<b>2,278.78</b>	<b>3,259.93</b>
Tax expense			
- Current tax	666.02	506.08	1,145.35
- Tax related to previous years	-	5.97	5.17
- Deferred tax charge	182.29	(450.49)	(19.34)
<b>Total tax expense</b>	<b>848.31</b>	<b>61.56</b>	<b>1,131.18</b>
<b>Profit for the year</b>	<b>2,151.65</b>	<b>2,217.22</b>	<b>2,128.75</b>
<b>Other comprehensive income</b>			
<u>Items that will not be reclassified to profit or loss</u>			
Remeasurements of defined benefit obligations	4.86	6.28	1.98
Income tax relating to above mentioned item	(1.22)	(1.57)	(0.64)
Changes in fair values of equity instruments carried at fair value through other comprehensive income	(19.00)	(309.28)	517.71
<u>Items that will be reclassified to profit or loss</u>			
Exchange difference on translation of foreign subsidiaries	2.92	5.00	40.00
<b>Other comprehensive (loss)/income for the year, net of tax</b>	<b>(12.44)</b>	<b>(299.57)</b>	<b>559.05</b>
<b>Total comprehensive income for the year</b>	<b>2,139.21</b>	<b>1,917.65</b>	<b>2,687.80</b>
<b>Pro-forma Earnings per equity share of face value of ₹ 10 each</b>			
Basic earnings per share (in ₹)	3.76	3.87	3.72
Diluted earnings per share (in ₹)	3.75	3.87	3.72

(₹ in millions)

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>A.</b>	<b>Cash flows from operating activities</b>			
	Profit before income tax	2,999.96	2,278.78	3,259.93
	Adjustments for:			
	Depreciation and amortization expense	969.40	781.85	722.45
	Loss on sale of property plant and equipment (net)	2.92	5.25	3.67
	(Gain)/loss on allowance for doubtful receivables and advances	(3.63)	3.52	2.01
	Unwinding of discount on fair valuation of security deposits	(0.70)	(0.84)	0.10
	Amortization of transaction cost based on effective interest rate	(2.32)	(0.68)	0.61
	Unwinding of discount on deferred payment liabilities	1.07	4.02	4.76
	Provision for slow moving inventory	31.86	0.80	7.92
	Provision for warranty	-	(10.00)	6.00
	Liabilities/ provisions no longer required written back	-	-	(4.62)
	Fair value (gain)/loss on derivatives	(374.24)	254.62	(16.47)
	Profit on sale of investments	0.15	(24.00)	(13.00)
	Finance costs	325.15	268.75	197.86
	Interest income	(28.80)	(30.91)	(30.33)
	Unrealized foreign exchange (gain)	59.72	(44.25)	(39.91)
	Share based payments	45.37	-	-
	<b>Operating profit before working capital changes</b>	<b>4,025.91</b>	<b>3,486.91</b>	<b>4,100.98</b>
	<b>Changes in operating assets and liabilities</b>			
	Movement in inventories	(1,129.20)	(100.44)	59.72
	Movement in trade receivables	(1,922.55)	611.55	(345.92)
	Movement in other financial asset	15.67	(58.61)	352.84
	Movement in other assets	(181.38)	3.02	(66.74)
	Movement in trade payable	1,084.94	(390.72)	(233.94)
	Movement in financial liabilities	(58.13)	(26.16)	(32.60)
	Movement in provision	60.29	12.54	(13.52)
	Movement in other liabilities	59.88	(47.58)	32.68
	<b>Cash generated from operations</b>	<b>1,955.43</b>	<b>3,490.51</b>	<b>3,853.50</b>
	Direct taxes paid	(528.17)	(398.09)	(1,164.07)
	<b>Net cash flow generated from operating activities - Total (A)</b>	<b>1,427.26</b>	<b>3,092.42</b>	<b>2,689.43</b>
<b>B.</b>	<b>Cash flows from investing activities</b>			
	Payments for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances	(2,189.37)	(2,240.59)	(1,163.88)
	Proceeds from sale of property, plant and equipment	9.07	1.19	3.67
	Movement in bank deposits (net)	597.79	(331.72)	(265.45)
	Amount received on sale of investment in subsidiary	-	1,399.48	-
	Purchase of current investments (net)	-	163.00	85.51
	Purchase of long term investments	(0.10)	-	-
	Acquisition of subsidiaries (Comstar Group)	-	(8,517.00)	-
	Interest received	21.97	38.91	33.33
	<b>Net cash used in investing activities - Total (B)</b>	<b>(1,560.64)</b>	<b>(9,486.73)</b>	<b>(1,306.82)</b>
<b>C.</b>	<b>Cash flows from financing activities</b>			
	Proceeds from short term borrowings, net	298.52	225.99	39.59
	Proceeds from long term borrowings	717.57	1,607.55	693.18
	Repayment of long term borrowings	(407.97)	(373.66)	(954.76)
	Repayment of deferred payment liabilities	(12.47)	(86.44)	(1.57)
	Repayment of Lease liabilities	(91.34)	(53.88)	(25.62)
	Dividends	(904.02)	(1,532.09)	(1,032.00)
	Dividend Tax	-	(198.99)	-
	Proceeds from issue of equity shares	-	8,477.30	-
	Proceeds from issue of compulsorily convertible preference shares	-	228.76	-
	Buyback of shares	-	(814.21)	-
	Fees paid for increase in authorized share capital	-	(8.72)	-
	Tax paid on buy back of shares	(20.97)	(183.64)	-
	Interest paid	(246.31)	(204.75)	(175.19)
	<b>Net cash (used in)/generated from financing activities - Total (C)</b>	<b>(666.99)</b>	<b>7,083.22</b>	<b>(1,456.37)</b>
<b>D.</b>	<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(800.37)</b>	<b>688.91</b>	<b>(73.76)</b>
<b>E.</b>	<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,049.85</b>	<b>360.94</b>	<b>434.70</b>
<b>F.</b>	<b>Cash and cash equivalents at the end of the year (D)+(E)</b>	<b>249.48</b>	<b>1,049.85</b>	<b>360.94</b>
	<b>Reconciliation of cash and cash equivalents as per the cash flow statement</b>			
	Cash and cash equivalents as per above comprise of the following:			
	Balances in current accounts	247.98	445.43	360.84
	Cash on hand	0.10	0.14	0.10
	Bank deposits with original maturity of less than three months	1.40	604.28	-
	<b>Balances per statement of cash flows</b>	<b>249.48</b>	<b>1,049.85</b>	<b>360.94</b>

## GENERAL INFORMATION

Our Company was originally incorporated as “Sona Okegawa Precision Forgings Limited” at New Delhi as a public limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated October 27, 1995, issued by the RoC and commenced operations pursuant to the certificate of commencement of business dated November 16, 1995 issued by the RoC. The name of our Company was changed to “Sona BLW Precision Forgings Limited” as approved by our shareholders by way of a resolution dated June 28, 2013 and a fresh certificate of incorporation dated July 23, 2013, consequent upon change of name was issued by the RoC.

For details in relation to changes in our Registered and Corporate Office, see “*History and Certain Corporate Matters*” beginning on page 200. For details of the business of our Company, see “*Our Business*” beginning on page 167.

### Registered and Corporate Office of our Company

Sona Enclave  
Village Begumpur Khatola  
Sector 35, Gurugram  
Haryana – 122004, India

**Corporate Identity Number:** U27300HR1995PLC083037

**Company Registration Number:** 083037

### Filing of the Offer Documents

A copy of the Draft Red Herring Prospectus has been filed electronically on the platform provided by SEBI and at [cfddl@sebi.gov.in](mailto:cfddl@sebi.gov.in), in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to “Easing of Operational Procedure – Division of Issues and Listing – CFD” and has also been filed with the Securities and Exchange Board of India at:

### Securities and Exchange Board of India

Corporation Finance Department  
Division of Issues and Listing  
SEBI Bhavan, Plot No. C4 A, ‘G’ Block  
Bandra Kurla Complex  
Bandra (E)  
Mumbai, Maharashtra – 400051, India

Our Company is registered with the Registrar of Companies, NCT of Delhi and Haryana at New Delhi. This Red Herring Prospectus and Prospectus will be filed in accordance with section 32 read with section 26 of the Companies Act, along with the material contracts and documents referred to in this Red Herring Prospectus and the Prospectus with the RoC at:

### Registrar of Companies

4<sup>th</sup> Floor  
IFCI Tower, 61, Nehru Place  
New Delhi – 110 019, India

### Board of Directors of our Company

Details regarding our Board as on the date of this Red Herring Prospectus are set forth below:

Name	Designation	DIN	Address
Sunjay Kapur	Chairman and Non-Executive Director	00145529	11, The Green, Rajokri, New Delhi– 110038, India
Vivek Vikram Singh	Managing Director and Group Chief Executive Officer	07698495	House No. 14/907, Heritage City, DLF Phase -2, Gurugram – 122002, Haryana, India
Amit Dixit	Non-Executive Director (Nominee)	01798942	The Imperial, Flat no. 2102, South Tower, B.B. Nakashe Marg, Tardeo, Mumbai – 400034, Maharashtra, India
Ganesh Mani	Non- Executive Director (Nominee)	08385423	4/149, Shobha, Major Parameshwaran Road, Wadala, Mumbai – 400031, Maharashtra, India
Jeff M. Overly	Independent Director	09041143	103, College Drive, Davidson, North Carolina, United States 28036

Name	Designation	DIN	Address
Prasan Abhaykumar Firodia	Independent Director	00029664	Sanmitra,132-B Ganeshkhind, Road, Pune – 411007, Maharashtra, India
Shradha Suri	Independent Director	00176902	N-101, Panchsheel Park, New Delhi – 110017, India
Venkata Rama Subbu Behara (B V R Subbu)	Independent Director	00289721	House-23, Road-1, Shanti Niketan Chanakya Puri, New Delhi – 110021, India

For further details of our Directors, see “*Our Management*” beginning on page 213.

### Company Secretary and Compliance Officer

Ajay Pratap Singh is our Vice President (Legal), Company Secretary and Compliance Officer. His contact details are as follows:

Sona Enclave  
Village Begumpur Khatola  
Sector 35, Gurgaon  
Haryana- 122004, India  
**Tel:** +91 0124 4768200  
**E-mail:** investor@sonacomstar.com

### Statutory Auditors to our Company

#### Walker Chandiok & Co LLP, Chartered Accountants

21<sup>st</sup> Floor, DLF Square  
Jacaranda Marg, DLF Phase II  
Gurgaon  
Haryana- 122002, India  
**Tel:** +91 124 462 8000  
**E-mail:** arun.tandon@walkerchandiok.in  
**Firm Registration Number:** 001076N/N500013  
**Peer Review Number:** 011707

There has been no change in the Statutory Auditors during the three years immediately preceding the date of this Red Herring Prospectus.

### Book Running Lead Managers

#### Kotak Mahindra Capital Company Limited

1<sup>st</sup> Floor, 27 BKC, Plot No. 27  
G Block, Bandra Kurla Complex  
Bandra (East), Mumbai  
Maharashtra- 400051, India  
**Tel:** +91 22 4336 0000  
**E-mail:** sonacomstar.ipo@kotak.com  
**Investor grievance e-mail:**  
kmccredressal@kotak.com  
**Website:** www.investmentbank.kotak.com  
**Contact Person:** Ganesh Rane  
**SEBI Registration No:** INM000008704

#### JM Financial Limited

7<sup>th</sup> Floor, Cnergy  
Appasaheb Marathe Marg  
Prabhadevi  
Mumbai, Maharashtra - 400 025, India  
**Tel:** +91 22 6630 3030  
**E-mail:** sonacomstar.ipo@jmfl.com  
**Investor grievance e-mail:** grievance.ibd@jmfl.com  
**Website:** www.jmfl.com  
**Contact Person:** Prachee Dhuri  
**SEBI Registration No:** INM000010361



**Credit Suisse Securities (India) Private Limited**

9<sup>th</sup> Floor, Ceejay House  
Dr. Annie Besant Road, Worli  
Mumbai, Maharashtra- 400 018, India  
**Tel:** ++91 22 6777 3885  
**E-mail:** list.sonaipo@credit-suisse.com  
**Investor grievance e-mail:** list.igcellmer-  
bnkg@credit-suisse.com  
**Website:** www.credit-suisse.com/in/en/investment-  
banking-apac/investment-banking-in-india/ipo.html  
**Contact Person:** Abhishek Joshi  
**SEBI Registration No.:** INM00001116

**J.P. Morgan India Private Limited**

J.P. Morgan Tower  
Off. C.S.T. Road  
Kalina, Santacruz (East)  
Mumbai – 400 098  
Maharashtra, India  
**Tel:** +91 22 6157 3000  
**E-mail:** SONACOMSTAR\_IPO@jpmorgan.com  
**Investor grievance e-mail:**  
investorsmb.jpmpi1@jpmorgan.com  
**Website:** www.jpmpi1.com  
**Contact Person:** Saarthak K Soni  
**SEBI Registration No.:** INM000002970

**Nomura Financial Advisory and Securities (India) Private Limited**

Ceejay House, Level 11 Plot F, Shivsagar  
Estate, Dr. Annie Besant Road, Worli  
Mumbai – 400 018  
Maharashtra, India  
**Tel:** +91 22 4037 4037  
**E-mail:** sonacomstaripo@nomura.com  
**Investor grievance e-mail:**  
investorgrievances-in@nomura.com  
**Website:**  
www.nomuraholdings.com/company/group/asia/india/i  
ndex.html  
**Contact Person:** Vishal Kanjani / Prithvi Ghag  
**SEBI Registration No.:** INM000011419

**Legal Advisors to the Offer****Indian Legal Counsel to our Company****Cyril Amarchand Mangaldas**

4<sup>th</sup> Floor, Prius Platinum  
D-3, District Centre  
Saket, New Delhi - 110017, India  
**Tel:** +91 11 6622 9000

**Indian Legal Counsel to the Book Running Lead Managers****Trilegal**

Peninsula Business Park  
17<sup>th</sup> Floor, Tower B  
Ganpat Rao Kadam Marg  
Lower Parel (West)  
Mumbai- 400013, Maharashtra, India  
**Tel:** +91 22 4079 1000

**International Legal Counsel to the Book Running Lead Managers****Latham & Watkins LLP**

9 Raffles Place  
#42-02 Republic Plaza  
Singapore, 048619  
**Tel:** +65 6536 1161

**Registrar to the Offer****Kfin Technologies Private Limited**

Selenium Tower-B, Plot 31 & 32  
Gachibowli, Financial District  
Nanakramguda, Serilingampally  
Hyderabad, Telangana – 500032, India  
**Tel:** +91 40 6716 2222  
**E-mail:** sonacomstar.ipo@kfintech.com  
**Investor grievance E-mail:** einward.ris@kfintech.com  
**Website:** www.kfintech.com  
**Contact Person:** M Murali Krishna

**SEBI Registration No.:** INR000000221

**Bankers to the Offer**

*Escrow Collection Bank, Refund Bank, Public Offer Bank and Sponsor Bank*

**HDFC Bank Limited**

FIG- OPS Department- Lodha,  
I Think Techno Campus O-3 Level,  
Next to Kanjurmarg, Railway Station,  
Kanjurmarg (East) Mumbai – 400 042, India

**Tel:** 022-30752927/28/2914

**E-mail:** siddharth.jadhav@hdfcbank.com/ prasanna.uchil@hdfcbank.com/ neerav.desai@hdfcbank.com

**Website:** www.hdfcbank.com

**Contact Person:** Siddharth Jadhav/ Prasanna Uchil/ Neerav Desai

**SEBI Registration No.:** INBI00000063

**Bankers to our Company**

**State Bank of India**

14<sup>th</sup>, Jawahar Vyapar Bhawan  
Tolstoy Marg

New Delhi – 110 001, India

**Tel:** +91 85274 16767

**E-mail:** sandeep\_singh@sbi.co.in

**Website:** bank.sbi

**Contact Person:** Sandeep Singh

**IndusInd Bank Limited**

3<sup>rd</sup> Floor, Tower B,  
Building No. 10, DLF Cyber City  
Phase II

Gurugram, Haryana – 122 002, India

**Tel:** +91 9818744226

**E-mail:** vishal.sikri@indusind.com

**Website:** www.indusind.com

**Contact Person:** Vishal Sikri

**HDFC Bank Limited**

HDFC Bank House,  
Vatika Atrium, Sector 53

Gurgaon, Haryana – 122 002, India

**Tel:** +91 98314 21330 / +91 90151 88108

**E-mail:** saurabh.agarwal3@hdfcbank.com / kamala.prasad@hdfcbank.com

**Website:** www.hdfcbank.com

**Contact Person:** Saurabh Agarwal / Kamala Prasad

**YES Bank Limited**

YES Bank Tower  
One International Center  
Tower II, 15<sup>th</sup> Floor

Senapati Bapat Marg

Elphinstone (W), Mumbai – 400 013

Maharashtra, India

**Tel:** +91 (22) 33669000

**E-mail:** mohit.gupta2@yesbank.in

**Website:** www.yesbank.in

**Contact Person:** Mohit Gupta

**Citibank N.A.**

9<sup>th</sup> floor, DLF Square

Jacrandra Marg

Gurugram – 122002, Haryana, India

**Tel:** +91 0124-4186900  
**E-mail:** shrey.agarwal@citi.com  
**Website:** www.citibank.co.in  
**Contact Person:** Shrey Agarwal

### **Syndicate Members**

#### **Kotak Securities Limited**

4<sup>th</sup> Floor, 12 BKC, G Block  
Bandra Kurla Complex  
Bandra (East), Mumbai 400 051  
Maharashtra, India  
**Tel:** +91 22 6218 5470  
**E-mail:** umesh.gupta@kotak.com  
**Website:** www.kotak.com  
**Contact Person:** Umesh Gupta  
**SEBI Registration No.:** INZ000200137

#### **JM Financial Services Limited**

2, 3 & 4, Kamanwala Chambers, Ground Floor, Sir PM Road, Fort,  
Mumbai 400 001, Maharashtra  
India  
**Tel:** +91 22 6136 3400  
**E-mail:** Surajit.misra@jmfl.com/deepak.vaidya@jmfl.com/ sona.verghese@jmfl.com/ tn.kumar@jmfl.com  
**Website:** www.jmfinancialservices.in  
**Contact Person:** Surajit Misra/ Deepak Vaidya/T N Kumar/ Sona Verghese  
**SEBI Registration No.:** INZ000195834

### **Designated Intermediaries**

#### **Self-Certified Syndicate Banks**

The list of SCSBs notified by SEBI for the ASBA process is available at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated SCSB Branches with which an ASBA Bidder (other than a RIB using the UPI Mechanism), not bidding through Syndicate/Sub Syndicate or through a Registered Broker, RTA or CDP may submit the Bid cum Application Forms, is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>, or at such other websites as may be prescribed by SEBI from time to time.

#### **SCSBs and mobile applications enabled for UPI Mechanism**

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, Retail Individual Investors Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>) and (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43>) respectively, as updated from time to time.

#### **Syndicate SCSB Branches**

In relation to Bids (other than Bids by Anchor Investor) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35>) and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35> as updated from time to time.

#### **Registered Brokers**

Bidders can submit ASBA Forms in the Offer using the stock broker network of the stock exchange, i.e. through the Registered Brokers at the Broker Centres. The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at <https://www.bseindia.com/> and <https://www.nseindia.com>,

as updated from time to time.

### **Registrar and Share Transfer Agents**

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at <https://www.bseindia.com/Static/PublicIssues/RtaDp.aspx> and [http://www.nseindia.com/products/content/equities/ipos/asba\\_procedures.htm](http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm), respectively, as updated from time to time.

### **Collecting Depository Participants**

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of the Stock Exchanges at <https://www.bseindia.com/Static/PublicIssues/RtaDp.aspx> and [http://www.nseindia.com/products/content/equities/ipos/asba\\_procedures.htm](http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm), respectively, as updated from time to time.

### **Expert to the Offer**

Except as disclosed below, our Company has not obtained any expert opinions:

Our Company has received written consent dated May 21, 2021, from our Statutory Auditors, Walker Chandiok & Co LLP, Chartered Accountants, to include their names in this Red Herring Prospectus as required under Section 26(1) of the Companies Act read with SEBI ICDR Regulations and as “expert” as defined under Section 2(38) and 26(5) of the Companies Act to the extent and in their capacity as an auditor and in respect of the examination report on Restated Consolidated Financial Information dated April 27, 2021, Pro Forma Consolidated Financial Information dated April 27, 2021 and the statement of special tax benefits dated May 21, 2021 in this Red Herring Prospectus and such consents have not been withdrawn as on the date of this Red Herring Prospectus.

Our Company has received written consent dated May 4, 2021, from SCV & Co. LLP, Chartered Accountants, to include their name in this Red Herring Prospectus and as an “expert” as defined under Section 2(38) and 26(5) of the Companies Act in their capacity as the independent chartered accountants and in respect of the reports and certificates issued by them included in this Red Herring Prospectus and such consent has not been withdrawn as on the date of this Red Herring Prospectus.

Our Company has received written consents dated May 18, 2021 and April 19, 2021, from Vinay Kumar Wadhawan, Chartered Engineers and ELBI Consultancy (India) Private Limited, Chartered Engineers, to include their respective names in this Red Herring Prospectus, and as an “expert” as defined under section 2(38) and 26(5) of the Companies Act in their capacity as the independent chartered engineers and in respect of the certificates issued by them included in this Red Herring Prospectus and such consents have not been withdrawn as on the date of this Red Herring Prospectus.

Our Company has also received written consent dated February 15, 2021 from Ricardo, to include their name in this Red Herring Prospectus and as an “expert” as defined under section 2(38) and 26(5) of the Companies Act, in relation to the Ricardo Industry Report issued by them with respect to our Company included in this Red Herring Prospectus and such consent has not been withdrawn as on the date of this Red Herring Prospectus.

The term “expert” shall not be construed to mean an “expert” as defined under the U. S. Securities Act.

### **Monitoring Agency**

Our Company has appointed HDFC Bank Limited as the Monitoring Agency in accordance with Regulation 41 of the SEBI ICDR Regulations. Their contact details are as follows:

#### **HDFC Bank Limited**

FIG- OPS Department- Lodha,

I Think Techno Campus O-3 Level,

Next to Kanjurmarg, Railway Station,

Kanjurmarg (East) Mumbai – 400 042, India

**Tel:** 022-30752927/28/2914

**E-mail:** [siddharth.jadhav@hdfcbank.com](mailto:siddharth.jadhav@hdfcbank.com)/ [prasanna.uchil@hdfcbank.com](mailto:prasanna.uchil@hdfcbank.com)/ [neerav.desai@hdfcbank.com](mailto:neerav.desai@hdfcbank.com)

**Website:** [www.hdfcbank.com](http://www.hdfcbank.com)

**Contact Person:** Siddharth Jadhav/ Prasanna Uchil/ Neerav Desai

**SEBI Registration No.:** INBI000000063

For details, see “Objects of the Offer – Monitoring of utilization of funds” on page 94.

### **Appraising Entity**

None of the objects for which the Net Proceeds will be utilised have been appraised by any agency.

### Inter-se Allocation of Responsibilities among the Book Running Lead Managers

The following table sets forth the inter-se allocation of responsibilities for various activities among the Book Running Lead Managers:

S. No.	Activity	Responsibility	Co-ordination
1.	Capital structuring with the relative components and formalities such as type of instruments, composition of debt and equity, size of the Offer, etc.	Kotak, Credit Suisse, JM Financial, JP Morgan, Nomura	Kotak
2.	Due diligence of the Company including its operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, abridged prospectus and application form. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing.	Kotak, Credit Suisse, JM Financial, JP Morgan, Nomura	Kotak
3.	Drafting and approval of statutory advertisements	Kotak, Credit Suisse, JM Financial, JP Morgan, Nomura	Kotak
4.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. and filing of media compliance report.	Kotak, Credit Suisse, JM Financial, JP Morgan, Nomura	Nomura
5.	Appointment of intermediaries viz., Registrar's, Printers, Advertising Agency, Syndicate, Sponsor Bank, Bankers to the Issue and other intermediaries, including coordination of all agreements to be entered into with such intermediaries	Kotak, Credit Suisse, JM Financial, JP Morgan, Nomura	Credit Suisse
6.	Preparation of road show marketing presentation and frequently asked questions	Kotak, Credit Suisse, JM Financial, JP Morgan, Nomura	Nomura
7.	International Institutional marketing of the Offer, which will cover, inter alia: <ul style="list-style-type: none"> <li>• Institutional marketing strategy;</li> <li>• Finalizing the list and division of international investors for one-to-one meetings; and</li> <li>• Finalizing international road show and investor meeting schedule</li> </ul>	Kotak, Credit Suisse, JM Financial, JP Morgan, Nomura	Credit Suisse
8.	Domestic Institutional marketing of the Offer, which will cover, inter alia: <ul style="list-style-type: none"> <li>• Institutional marketing strategy;</li> <li>• Finalizing the list and division of domestic investors for one-to-one meetings; and</li> <li>• Finalizing domestic road show and investor meeting schedule</li> </ul>	Kotak, Credit Suisse, JM Financial, JP Morgan, Nomura	JM Financial
9.	Retail and Non-Institutional marketing of the Offer, which will cover, inter alia: <ul style="list-style-type: none"> <li>• Formulating marketing strategies, preparation of publicity budget;</li> <li>• Finalizing media, marketing and public relations strategy;</li> <li>• Finalizing centres for holding conferences for brokers, etc.;</li> <li>• Finalizing collection centres; and</li> <li>• Deciding on the quantum of the offer material and follow-up on distribution of publicity and offer material</li> </ul>	Kotak, Credit Suisse, JM Financial, JP Morgan, Nomura	JM Financial
10.	Managing the book and finalization of pricing in consultation with the Company and the Selling Shareholder.	Kotak, Credit Suisse, JM Financial, JP Morgan, Nomura	JP Morgan
11.	Coordination with Stock-Exchanges for book building software, bidding terminals, mock trading, payment of 1% security deposit and release of the security deposit post closure of the issue, anchor co-ordination and intimation of anchor allocation.	Kotak, Credit Suisse, JM Financial, JP Morgan, Nomura	JP Morgan
12.	Post- Issue activities, which shall involve essential follow-up with bankers to the Issue and SCSBs to get quick estimates of collection and advising our Company about the closure of the Issue, based on correct figures, finalization of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds, payment of STT on behalf of the Selling Shareholder and coordination with various agencies connected with the post-Issue activity such as Registrar to the Issue, Bankers to the Issue, SCSBs including responsibility for underwriting arrangements, as applicable. Co-ordination with SEBI and Stock Exchanges for refund of 1% security deposit and submission of all post Offer reports including the final post Offer report to SEBI	Kotak, Credit Suisse, JM Financial, JP Morgan, Nomura	JM Financial

### Credit Rating

As this is an Offer of Equity Shares, credit rating is not required.

## IPO Grading

No credit rating agency registered with SEBI has been appointed for grading the Offer.

## Trustees

As this is an Offer of Equity Shares, the appointment of trustees is not required.

## Book Building Process

Book building, in the context of the Offer, refers to the process of collection of Bids from bidders on the basis of this Red Herring Prospectus and the Bid Cum Application Forms and the Revision Forms within the Price Band and the minimum Bid Lot, which will be decided by our Company and the Selling Shareholder in consultation with the Book Running Lead Managers, and which will be included in this Red Herring Prospectus or will be advertised in all editions of Financial Express and all editions of Jansatta (which are widely circulated English daily newspapers and Hindi daily newspapers, Hindi also being the regional language of Haryana, where our Registered and Corporate Office is located), at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price shall be determined by our Company and the Selling Shareholder in consultation with the Book Running Lead Managers after the Bid/Offer Closing Date. For details, see “Offer Procedure” beginning on page 428.

**All Bidders (other than Anchor Investors) shall participate in this Offer mandatorily through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid Amount will be blocked by the SCSBs. In addition to this, the RIBs may participate through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs; or (b) through the UPI Mechanism. Anchor Investors are not permitted to participate in the Offer through the ASBA process.**

**In terms of the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. RIBs can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date. Anchor Investors are not allowed to revise or withdraw their Bids after the Anchor Investor Bidding Date. Except for Allocation to RIBs and the Anchor Investors, allocation in the Offer will be on a proportionate basis.**

For further details, see “Terms of the Offer” “Offer Structure” and “Offer Procedure” on pages 421, 426 and 428, respectively.

**The process of Book Building under the SEBI ICDR Regulations and the Bidding Process are subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to submitting a Bid in the Offer.**

Bidder should note that, the Offer is also subject to obtaining (i) the final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment.

## Underwriting Agreement

After the determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholder intend to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. Subject to the applicable laws and pursuant to the terms of the Underwriting Agreement, the BRLMs will be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters will be several and will be subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

*(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC.)*

Name, address, telephone number and e-mail address of the Underwriters	Indicative number of Equity Shares to be underwritten	Amount underwritten (in ₹ million)
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

The aforementioned underwriting commitments are indicative and will be finalised after pricing of the Offer and actual allocation in accordance with provisions of the SEBI ICDR Regulations.

In the opinion of our Board of Directors (based on the representation made to our Company by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. Our Board of Directors/IPO Committee, at its meeting held on [●], approved the acceptance and entering into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment set forth in the table above.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors respectively procured by them in accordance with the Underwriting Agreement. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure purchasers for or purchase the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The Underwriting Agreement has not been executed as on the date of this Red Herring Prospectus and will be executed after determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC.

## CAPITAL STRUCTURE

The share capital of our Company as at the date of this Red Herring Prospectus is set forth below:

(in ₹, except share data)			
Sr. No.	Particulars	Aggregate value at face value	Aggregate value at Offer Price*
<b>A.</b>	<b>AUTHORISED SHARE CAPITAL<sup>(1)</sup></b>		
	998,500,000 Equity Shares (having face value of ₹ 10 each)	9,985,000,000	-
	1,500,000 preference shares (having face value of ₹ 10 each)	15,000,000	-
<b>B.</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER</b>		
	572,980,560 Equity Shares (having face value of ₹ 10 each)	5,729,805,600	-
<b>C.</b>	<b>PRESENT OFFER IN TERMS OF THIS RED HERRING PROSPECTUS<sup>(2)</sup></b>		
	Offer of up to [●] Equity Shares <sup>(2) (3)</sup>	[●]	[●]
	of which		
	Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 3,000 million <sup>(2)</sup>	[●]	[●]
	Offer for Sale of up to [●] Equity Shares aggregating up to ₹ 52,500 million <sup>(3)</sup>	[●]	[●]
<b>D.</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER*</b>		
	[●] Equity Shares (having face value of ₹ 10 each)	[●]	[●]
<b>E.</b>	<b>SECURITIES PREMIUM ACCOUNT</b>		
	Before the Offer		2,608,051,517
	After the Offer		[●]

\* Subject to finalisation of Basis of Allotment

<sup>(1)</sup> For details in relation to the changes in the authorised share capital of our Company, see "History and Certain Corporate Matters – Amendments to our Memorandum of Association" on page 201.

<sup>(2)</sup> The Fresh Issue has been authorized by resolutions of our Board of Directors at their meeting held on January 27, 2021 and February 22, 2021 and a special resolution passed by our Shareholders at their meeting held on January 30, 2021. The Selling Shareholder (Singapore VII Topco III Pte. Ltd.) has confirmed and authorized their participation in the Offer for Sale. For further details, see "Other Regulatory and Statutory Disclosures" on page 406.

<sup>(3)</sup> The Equity Shares being offered by the Selling Shareholder (Singapore VII Topco III Pte. Ltd.) has been held by them for a period of at least one year prior to the date of filing of the Draft Red Herring Prospectus in accordance with the SEBI ICDR Regulations and accordingly, are eligible for the Offer in accordance with the provisions of the SEBI ICDR Regulations. For details of authorisations for the Offer for Sale, see "Other Regulatory and Statutory Disclosures" on page 406.

### Notes to the Capital Structure

#### (1) Share Capital History of our Company

##### (a) Equity Share capital

The history of the Equity Share capital of our Company is set forth below:

Date of Allotment	Number of Equity Shares allotted / bought back	Face value per Equity Share (in ₹)	Issue Price / buy-back price per Equity Share (in ₹)	Nature of Allotment/ corporate action	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (in ₹)
October 27, 1995	7	10	10	Initial subscription to the Memorandum of Association <sup>(1)</sup>	Cash	7	70
June 19, 1998	11,249,993	10	10	Further allotment <sup>(2)</sup>	Cash	11,250,000	112,500,000
June 19, 1998	3,750,000	10	15	Further allotment <sup>(3)</sup>	Cash	15,000,000	150,000,000
September 13, 1999	269,000	10	30	Further allotment <sup>(4)</sup>	Cash	15,269,000	152,690,000



Date of Allotment	Number of Equity Shares allotted / bought back	Face value per Equity Share (in ₹)	Issue Price / buy-back price per Equity Share (in ₹)	Nature of Allotment/ corporate action	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (in ₹)
March 7, 2005	(3,750,000)	10	NA	Reduction of Equity Share capital <sup>(5)</sup>	NA	11,519,000	115,190,000
February 16, 2007	16,199,376	10	32.10	Further allotment <sup>(6)</sup>	Cash	27,718,376	277,183,760
July 5, 2019	22,028,503	10	384.83	Further allotment <sup>(7)</sup>	Cash	49,746,879	497,468,790
July 9, 2019	(2,592,935)	10	314.01 <sup>#</sup>	Buyback of Equity Shares by our Company <sup>(8)</sup>	Cash	47,153,944	471,539,440
January 27, 2021	594,436 <sup>*</sup>	10	384.83	Conversion of Preference Shares into Equity Shares <sup>(9)</sup>	Cash <sup>*</sup>	47,748,380	477,483,800
February 10, 2021	525,232,180	10	NA	Bonus issue <sup>(10)</sup>	NA	572,980,560	5,729,805,600
<b>Total</b>						<b>572,980,560</b>	<b>5,729,805,600</b>

<sup>\*</sup> Consideration for such Equity Shares was paid at the time of issuance of Preference Shares.

<sup>#</sup> Excludes buyback distribution tax of ₹ 70.82 per Equity Share paid by our Company.

<sup>(1)</sup> Allotment of one Equity Share each to Dr. Surinder Kapur, Jug Mohan Kapur, Tapash Kumar Pal, S.C. Saigal, Ghanshyam Dass, Somendra Upadhyay and Sudhir Chopra pursuant to subscription to the Memorandum of Association.

<sup>(2)</sup> Allotment of 6,749,993 Equity Shares to Sona Steering Systems Limited, allotment of 3,937,500 Equity Shares to Mitsubishi Materials Corporation and allotment of 562,500 Equity Shares to Mitsubishi Corporation.

<sup>(3)</sup> Allotment of 3,525,000 Equity Shares to Indus East Holding Limited and allotment of 225,000 Equity Shares to Sutter Hill Investments Mauritius Limited.

<sup>(4)</sup> Allotment of 269,000 Equity Shares to Owari Precise Products Company Limited.

<sup>(5)</sup> Pursuant to the order dated March 7, 2005 passed by the High Court of Delhi and the resolution dated December 14, 2004 passed by our Shareholders, the paid-up Equity Share capital of our Company was reduced from ₹ 152,690,000 divided into 15,269,000 Equity Shares each to ₹ 115,190,000 divided into 11,519,000 Equity Shares by cancelling and extinguishing 3,525,000 Equity Shares held by Indus East Holding Limited, Mauritius and 225,000 Equity Shares held by Sutter Hill Investment Mauritius Limited at a price of ₹ 32 per Equity Share.

<sup>(6)</sup> Allotment of 13,769,470 Equity Shares to Sona Autocomp (formerly known as Mandira Investment & Finance Company Private Limited) and allotment of 2,429,906 Equity Shares to Mitsubishi Materials Corporation.

<sup>(7)</sup> Allotment of 22,028,503 Equity Shares to Singapore Topco.

<sup>(8)</sup> Buyback of 2,592,935 Equity Shares held by Sona Autocomp vide resolution of the Board and Shareholders, each dated July 5, 2019. The buyback was completed on July 9, 2019 and the total consideration involved in the buyback was ₹ 814.21 million.

<sup>(9)</sup> Allotment of 594,436 Equity Shares to Singapore Topco pursuant to the conversion of Preference Shares held by Singapore Topco.

<sup>(10)</sup> Bonus issue of 177,108,162 Equity Shares to Sona Autocomp, 348,123,886 Equity Shares to Singapore Topco, 66 Equity Shares to RK Family Trust, 11 Equity Shares to Sharad Kapur (nominee of deceased shareholder, Jug Mohan Kapur), 11 Equity Shares to Kiran Manohar Deshmukh, 11 Equity Shares to Ranganathan Balaji, 11 Equity Shares to Munish Sapra and 22 Equity Shares to Inder Khurana in the ratio of 11:1.

## (b) Preference share capital

The history of the preference share capital of our Company is set forth in the table below.

Date of allotment	No. of preference shares allotted	Face value per preference share (₹)	Issue price per Preference Share (₹)	Nature of allotment	Nature of consideration
July 5, 2019	594,436	10	384.83	Preferential allotment of Preference Shares <sup>(1)</sup>	Cash
January 27, 2021	(594,436)	10	384.83	Conversion of 594,436 Preference Shares into Equity Shares <sup>(2)</sup>	Cash <sup>*</sup>

<sup>\*</sup> Consideration for such Equity Shares was paid at the time of issuance of Preference Shares.

<sup>(1)</sup> Allotment of 594,436 Preference Shares to Singapore Topco.

<sup>(2)</sup> Allotment of 594,436 Equity Shares to Singapore Topco pursuant to the conversion of 594,436 Preference Shares held by Singapore Topco.

## (2) Equity Shares issued for consideration other than cash or out of revaluation reserves

Except as disclosed below, our Company has not issued any Equity Shares through bonus issue or for consideration other than cash in the one year preceding the date of this Red Herring Prospectus:

Date of Allotment	Number of Equity Shares Allotted	Face Value (₹)	Issue price per Equity Share (₹)	Reason for allotment	Benefit accrued to our Company
February 10, 2021	525,232,180	10	NA	Bonus issue in the ratio of 11:1 <sup>(1)</sup>	-

<sup>(1)</sup> Bonus issue of 177,108,162 Equity Shares to Sona Autocomp, 348,123,886 Equity Shares to Singapore VII Topco III Pte. Ltd., 66 Equity Shares to RK Family Trust, 11 Equity Shares to Sharad Kapur (nominee of deceased shareholder, Jug Mohan Kapur), 11 Equity Shares to Kiran Manohar Deshmukh, 11 Equity Shares to Ranganathan Balaji, 11 Equity Shares to Munish Sapra and 22 Equity Shares to Inder Khurana vide resolution of our Board dated January 27, 2021 and February 10, 2021 and resolution of our Shareholders dated January 30, 2021.

Further, our Company has not issued any Equity Shares out of revaluation reserves for a period of five years immediately preceding the date of the DRHP.

**(3) Issue of Equity Shares under Sections 391 to 394 of the Companies Act, 1956 or Sections 230 to 234 of the Companies Act**

Our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act, 1956 or Sections 230 to 234 of the Companies Act.

**(4) Issue of Equity Shares under employee stock option schemes**

Our Company has not issued any Equity Shares under any employee stock option schemes.

**(5) Equity Shares issued in the preceding one year below the Offer Price**

Except as disclosed below, our Company has not issued any Equity Shares which may be at a price lower than the Offer Price during a period of one year preceding the date of this Red Herring Prospectus:

Date of Allotment	Number of Equity Shares Allotted	Face Value (₹)	Issue price per Equity Share (₹)	Names of allottees	Nature of consideration	Reason for allotment
January 27, 2021	594,436*	10	384.83	Singapore VII Topco III Pte. Ltd.	Cash*	Conversion of Preference Shares

\* Consideration of such Equity Shares was paid at the time of issuance of Preference Shares.

(6) **Shareholding Pattern of our Company**

The table below presents the shareholding pattern of our Company as on the date of filing of this Red Herring Prospectus:

Category y (I)	Category of shareholde r (II)	Number of sharehol ders (III)	Number of fully paid up Equity Shares held (IV)	Numb er of Partly paid-up Equit y Share s held (V)	Number of shares underlyin g Depositor y Receipts (VI)	Total number of Equity Shares held (VII) =(IV)+(V)+ (VI)	Sharehold ing as a % of total number of shares (calculat ed as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of voting rights held in each class of securities (IX)				Numb er of shares Underl ying Outsta nding convert ible securiti es (includ ing Warra nts) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in demateriali zed form (XIV)
								Number of voting rights			Total as a % of (A+B+ C)			Numb er (a)	As a % of total shares held (b)	Numb er (a)	As a % of total shares held (b)	
								Class e.g.: Equity Shares	Class e.g.: Others	Total								
(A)	Promoters and Promoter Group	3	572,980,488	-	-	572,980,488	100	572,980,488	-	572,980,488	100%	-	-	-	-	-	-	572,980,488
(B)	Public	5	72	-	-	72	Negligible	72	-	72	Negligible	-	-	-	-	-	-	72
(C)	Non Promoter- Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying depository receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by employee trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	8	572,980,560	-	-	572,980,560	100	572,980,560	-	572,980,560	100	-	-	-	-	-	-	572,980,560

(7) **Details of shareholding of the major shareholders of our Company**

- a) Set forth below is a list of shareholders holding 1% or more of the paid-up share capital of our Company, as on the date of this Red Herring Prospectus:

S. No.	Name of the shareholder	Pre-Offer	
		Number of Equity Shares on a fully diluted basis	Percentage of the Equity Share capital (%) on a fully diluted basis
1.	Sona Autocomp Holding Private Limited	193,208,904	33.72
2.	Singapore VII Topco III Pte. Ltd.	379,771,512	66.28
	<b>Total</b>	<b>572,980,416</b>	<b>100.00</b>

- b) Set forth below is a list of shareholders holding 1% or more of the paid-up share capital of our Company, as of 10 days prior to the date of this Red Herring Prospectus:

S. No.	Name of the shareholder	Pre-Offer	
		Number of Equity Shares on a fully diluted basis	Percentage of the Equity Share capital (%) on a fully diluted basis
1.	Sona Autocomp Holding Private Limited	193,208,904	33.72
2.	Singapore VII Topco III Pte. Ltd.	379,771,512	66.28
	<b>Total</b>	<b>572,980,416</b>	<b>100.00</b>

- c) Set forth below is a list of shareholders holding 1% or more of the paid-up share capital of our Company, as of one year prior to the date of this Red Herring Prospectus:

S. No.	Name of the shareholder	Pre-Offer	
		Number of Equity Shares on a fully diluted basis	Percentage of the Equity Share capital (%) on a fully diluted basis
1.	Sona Autocomp Holding Private Limited	16,100,742	33.72
2.	Singapore VII Topco III Pte. Ltd.	31,647,626	66.28
	<b>Total</b>	<b>47,748,368</b>	<b>100.00</b>

- d) Set forth below is a list of shareholders holding 1% or more of the paid-up share capital of our Company, as of two years prior to the date of this Red Herring Prospectus:

	Name of the Shareholder	Pre-Offer	
		Number of Equity Shares on a fully diluted basis	Percentage of the Equity Share capital (%) on a fully diluted basis
1.	Sona Autocomp Holding Private Limited	18,693,677	67.44
2.	JM Financial Trustee Company Private Limited – JM Financial India Fund	9,024,687	32.56
	<b>Total</b>	<b>27,718,364</b>	<b>100.00</b>

(8) **History of the share capital held by our Promoters**

While Sunjay Kapur does not directly hold any Equity Shares in our Company as on the date of this Red Herring Prospectus, Sona Autocomp presently holds 193,208,904 Equity Shares, aggregating to 33.72% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company and Singapore Topco presently holds 379,771,512 Equity Shares, aggregating to 66.28% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company. The details regarding our Promoters' shareholding is set forth below.

***Build-up of Promoters' shareholding in our Company***

**A. Sona Promoters**

- (i) Sona Autocomp

The build-up of the equity shareholding of Sona Autocomp since incorporation of our Company is set forth below:

Date of Allotment/ Transfer	Nature of Transaction	Number of Equity Shares Allotted/ Transferred	Nature of Consideration	Face Value per Equity Share (₹)	Issue Price/ Transfer Price per Equity Share (₹)	Percentage of the Pre- Offer Capital (%)	Percentage of the Post- Offer Capital (%)
January 17, 2007	Transfer from Dr. Surinder Kapur	269,000	Cash	10	13.30	0.05	[●]
	Transfer from DRSK Management Services Private Limited	6,749,993	Cash	10	13.30	1.18	[●]
February 16, 2007	Allotment of Equity Shares	13,769,470	Cash	10	32.10	2.40	
March 16, 2017	Transfer from Mitsubishi Materials Corporation	6,367,406	Cash	10	94.59	1.11	[●]
	Transfer from Metal One Corporation	562,500	Cash	10	94.59	0.10	[●]
March 27, 2017	Transfer to JM Financial Trustee Company Private Limited – JM Financial India Fund	(2,094,781)	Cash	10	82.07	(0.37)	[●]
	Transfer to JM Financial Trustee Company Private Limited – JM Financial India Fund	(6,929,906)	Cash	10	82.07	(1.21)	[●]
August 30, 2017	Transfer to Inder Khurana, Munish Sapra, Kiran Manohar Deshmukh, Ranganathan Balaji and Raajesh Kumar Gupta	(5)	Cash	10	87.00	0.00	[●]
July 9, 2019	Sale of Equity Shares pursuant to the buyback	(2,592,935)	Cash	10	314.01	(0.45)	[●]
February 10, 2021	Bonus issue of Equity Shares	177,108,162	NA	10	NA	30.91	[●]
<b>Total</b>		<b>193,208,904</b>				<b>33.72</b>	

(ii) Sunjay Kapur

Sunjay Kapur, does not hold any Equity Shares as on the date of this Red Herring Prospectus and has never directly held any Equity Shares in our Company since its incorporation.

**B. Singapore Topco**

Date of Allotment/ Transfer	Nature of Transaction	Number of Equity Shares Allotted/ Transferred	Nature of Consideration	Face value per equity share (₹)	Issue Price/ Transfer Price per equity share (₹)	Percentage of the Pre- Offer Capital (%)	Percentage of the Post- Offer Capital (%)
July 5, 2019	Allotment of Equity Shares	22,028,503	Cash	10	384.83	3.84	[●]
July 10, 2019	Transfer from JM Financial India Fund – Scheme B	75,92,295	Cash	10	396.24	1.32	[●]
July 10, 2019	Transfer from JM Financial India Fund – Scheme A	14,32,392	Cash	10	396.24	0.25	[●]

Date of Allotment/ Transfer	Nature of Transaction	Number of Equity Shares Allotted/ Transferred	Nature of Consideration	Face value per equity share (₹)	Issue Price/ Transfer Price per equity share (₹)	Percentage of the Pre- Offer Capital (%)	Percentage of the Post- Offer Capital (%)
January 27, 2021	Conversion of Preference Shares	594,436*	Cash	10	384.83*	0.10	[●]
February 10, 2021	Bonus issue of Equity Shares	348,123,886	NA	10	NA	60.75	[●]
<b>Total</b>		<b>379,771,512</b>				<b>66.28</b>	

\* Consideration for such Equity Shares was paid at the time of issuance of Preference Shares.

All the Equity Shares held by our Corporate Promoters were fully paid-up on the respective dates of allotment of such Equity Shares. As of the date of this Red Herring Prospectus, none of the Equity Shares held by our Promoters are subject to any pledge.

a) *Shareholding of our Promoters and Promoter Group*

The details of shareholding of our Promoters and Promoter Group as on the date of this Red Herring Prospectus are set forth below:

S. No.	Category of Shareholders	No. of Equity Shares	% of total pre-Offer paid up Equity Share capital
<i>Promoters</i>			
1.	Sona Autocomp Holding Private Limited	193,208,904	33.72
2.	Singapore VII Topco III Pte. Ltd.*	379,771,512	66.28
3.	Sunjay Kapur	Nil	Nil
<b>Sub Total (A)</b>		<b>572,980,416</b>	<b>100.00</b>
<i>Promoter Group</i>			
1.	Rani Kapur – RK Family Trust	72	0.00
<b>Sub Total (B)</b>		<b>72</b>	<b>0.00</b>
<b>Total (A) + (B)</b>		<b>572,980,488</b>	<b>100.00</b>

\* The Selling Shareholder

b) *Details of Promoters' Contribution and Lock-in*

In accordance with Regulation 14 and Regulation 16(a) of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by Sona Autocomp, shall be locked in for a period of three years from the date of Allotment and our Promoters' shareholding in excess of 20% shall be locked in for a period of one year from the date of Allotment.

The details of the Equity Shares held by Sona Autocomp, which shall be locked-in for a period of three years from the date of Allotment are set forth below.

Name of Promoter	Number of Equity Shares held pre- Offer	Number of Equity Shares Locked-in <sup>(1)(2)</sup>	Date of Allotment/ Transfer*	Nature of Transaction	Face Value (₹)	Issue/ Acquisition Price per Equity Share (₹)	Percentage of pre- Offer paid-up Equity Share Capital	Percentage of post- Offer paid-up Equity Share Capital
<b>Sona Autocomp</b>	[●]	[●]	[●]	[●]	10	[●]	[●]	[●]

\* Subject to finalisation of Basis of Allotment

<sup>(1)</sup> For a period of three years from the date of Allotment

<sup>(2)</sup> All Equity Shares were fully paid-up at the time of allotment

Our Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoters' contribution in terms of Regulation 15 of the SEBI ICDR Regulations. For details of the build-up of the share capital held by our Promoters, see "Capital Structure - History of the Share Capital held by our Promoters".

In this connection, we confirm the following:

- (i) The Equity Shares offered for Promoters' contribution do not include (a) Equity Shares acquired in the three immediately preceding years for consideration other than cash or out of revaluation of assets or capitalisation of intangible assets; (b) Equity Shares that have resulted from bonus issue by utilisation of revaluation reserves or unrealised profits of our Company or resulted from bonus issue against Equity Shares which are otherwise ineligible for computation of Promoters' contribution;
- (ii) The Promoters' contribution does not include any Equity Shares acquired during the immediately preceding year at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;
- (iii) Our Company has not been formed by the conversion of a partnership firm or a limited liability partnership firm into a Company;
- (iv) The Equity Shares held by Sona Autocomp and offered for Promoters' contribution are not subject to any pledge; and
- (v) All the Equity Shares held by the Promoters are held in dematerialised form.

c) *Details of Equity Shares locked-in for one year:*

In addition to 20% of the fully diluted post-Offer shareholding of our Company held by Sona Autocomp and locked-in for three years as specified above, in terms of Regulation 16(1)(b) of the SEBI ICDR Regulations, the entire pre-Offer Equity Share capital of our Company will be locked-in for a period of one year from the date of Allotment, except for the Equity Shares sold pursuant to the Offer for Sale, any Equity Shares allotted to the employees (whether or not they are current employees) of our Company under the ESOP 2020, and any other categories of shareholders exempt under Regulation 17 of the SEBI ICDR Regulations, as applicable.

In terms of Regulation 22 of the SEBI ICDR Regulations, the Equity Shares held by each of our Promoters, which are locked-in may be transferred to and amongst the members of the Promoter Groups or to any new promoter or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.

The Equity Shares held by each of our Promoters which are locked-in for a period of three years from the date of Allotment may be pledged only with scheduled commercial banks or public financial institutions or Systemically Important NBFCs or housing finance companies, as collateral security for loans granted by such banks or public financial institutions or Systemically Important NBFCs or housing finance companies in terms of Regulation 21(a) of the SEBI ICDR Regulations, provided that such loans have been granted for the purpose of financing one or more of the objects of the Offer and pledge of the Equity Shares is a term of sanction of such loans.

The Equity Shares held by the Promoters which are locked-in for a period of one year from the date of Allotment may be pledged only with scheduled commercial banks or public financial institutions or Systemically Important NBFCs or housing finance companies, as collateral security for loans granted by such banks or public financial institutions or Systemically Important NBFCs or housing finance companies in terms of Regulation 21(b) of the SEBI ICDR Regulations, provided that pledge of the Equity Shares is one of the terms of the sanction of loans. The lock-in may continue pursuant to the invocation of pledge; however, the transferee shall not be eligible to transfer the Equity Shares until the expiry of the lock-in period.

In terms of Regulation 22 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters and locked-in for a period of one year from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to continuation of the lock-in in the hands of transferees for the remaining period and compliance with the SEBI Takeover Regulations.

Any unsubscribed portion of the Offered Shares would also be locked-in as required under the SEBI ICDR Regulations.

d) *Lock-in of the Equity Shares to be Allotted, if any, to the Anchor Investors*

Any Equity Shares allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

- (9) Except for the allotment of Equity Shares pursuant to the Fresh Issue and any grants of options and allotment of Equity Shares that may be made under the ESOP 2020, our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus shares or on a rights basis or by way of further public issue of Equity Shares or otherwise.
- (10) As on the date of filing of this Red Herring Prospectus, the total number of shareholders of our Company is eight.
- (11) None of the directors of our Corporate Promoters hold any Equity Shares in our Company as on the date of this Red Herring Prospectus.
- (12) Our Promoters, any members of their respective Promoter Groups, the directors of our Corporate Promoters, any of the Directors of our Company or any of their relatives have not purchased or sold any securities of our Company during the period of six months immediately preceding the date of the Draft Red Herring Prospectus and this Red Herring Prospectus.
- (13) There have been no financing arrangements whereby our Promoters, members of their respective Promoter Groups, directors of our Corporate Promoters, our Directors and their relatives have financed the purchase by any other person of securities of our Company (other than in the normal course of the business of the relevant financing entity) during a period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus and this Red Herring Prospectus.
- (14) Except as disclosed in this section under “*Share Capital History of our Company*” on page 77, neither our Company, nor any of our Directors have entered into any buy-back arrangements for purchase of Equity Shares from any person. Further, the Book Running Lead Managers have not made any buy-back arrangements for purchase of Equity Shares from any person.
- (15) As on the date of this Red Herring Prospectus, the Book Running Lead Managers and their respective associates (as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) do not hold any Equity Shares.
- (16) All Equity Shares issued pursuant to the Offer will be fully paid-up at the time of Allotment and there are no partly paid-up Equity Shares as on the date of this Red Herring Prospectus.
- (17) Except the options granted pursuant to ESOP 2020, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into, or which would entitle any person any option to receive Equity Shares as on the date of this Red Herring Prospectus.
- (18) Our Promoters and their respective Promoter Groups shall not participate in the Offer, except to the extent of the Offer for Sale by Singapore Topco.
- (19) Except for the allotment of Equity Shares pursuant to the Fresh Issue and any grants of options and allotment of Equity Shares that may be made under the ESOP 2020, there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing of this Red Herring Prospectus with RoC until the Equity Shares have been listed on the Stock Exchanges, or all application monies have been refunded, as the case may be.
- (20) Our Company shall ensure that there shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
- (21) No person connected with the Offer, including, but not limited to, the members of the Syndicate, our Company, the Directors, Promoters, members of their respective Promoter Group, shall offer or make payment of any incentive, direct or indirect, in the nature of discount, commission and allowance, except for fees or commission for services rendered in relation to the Offer, in any manner, whether in cash or kind or services or otherwise, to any Bidder for making a Bid.



- (22) Our Company shall ensure that transactions in the Equity Shares by our Promoters and their respective Promoter Group between the date of filing of the Draft Red Herring Prospectus and the date of closure of the Offer shall be intimated to the Stock Exchanges within 24 hours of such transaction.
- (23) Our Company, pursuant to the resolutions passed by our Board on August 14, 2020 and our Shareholders on September 30, 2020, adopted the Employee Stock Option Scheme 2020 (“ESOP 2020”).

The objective of ESOP 2020 is to incentivise, induce, reward and motivate the employees of our Company in order to enable them to contribute effectively towards the growth and profitability of our Company, align the employees towards a common objective of creating value for our Company as well as to induce them to remain in the service of our Company.

The details of the ESOP 2020, as certified by SCV & Co. LLP, Chartered Accountants, through a certificate dated June 3, 2021, are as follows:

Particulars	Details		
	Financial Year 2020	Financial Year 2021	From April 1, 2021 until the date of this Red Herring Prospectus
Total options outstanding as at the beginning of the period	NA	Nil	3,263,220
Total options granted	NA	3,263,220* <i>*Includes 2,991,285 additional bonus options granted to the eligible employees pursuant to the bonus issue undertaken by our Company.</i>	Nil
Exercise price of options in ₹ (as on the date of grant options)	NA	₹ 38.34 per option* <i>*The exercise price of the options granted under ESOP 2020 has been adjusted to ₹ 38.34 per option, pursuant to the bonus issue undertaken by our Company.</i>	Nil
Options forfeited/ lapsed/ cancelled	NA	Nil	An employee holding 5,976 options had resigned with effect from May 7, 2021. Accordingly, the total number of options have been reduced.
Variation of terms of options	NA	Nil	Nil
Money realized by exercise of options	NA	Nil	Nil
Total number of options outstanding in force	NA	3,263,220	3,257,244
Total options vested (excluding the options that have been exercised)	NA	Nil	Nil
Options exercised (since implementation of the ESOP Scheme)	NA	Nil	Nil
The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised)	NA	Nil	Nil
Number of employees to whom options were granted		62	Nil
Employee wise details of options granted to:			
(a) Key managerial personnel			
Vivek Vikram Singh (Managing Director & Group CEO)	NA	662,088	Nil
Rohit Nanda (Group Chief Financial Officer)	NA	357,900	Nil
Kiran Manohar Deshmukh (Chief Technology Officer)	NA	83,508	Nil
Sat Mohan Gupta (Director and CEO of	NA	477,180	Nil

Particulars	Details		
	Financial Year 2020	Financial Year 2021	From April 1, 2021 until the date of this Red Herring Prospectus
Comstar Automotive)			
Vadapalli Vikram Verma (Chief Executive Officer – Driveline Business)	NA	477,180	Nil
Ajay Pratap Singh (Vice President (Legal) & Company Secretary and Compliance Officer)	NA	119,304	Nil
(b) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	NA	Nil	Nil
(c) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NA	Nil	Nil
Diluted earnings per share pursuant to the issue of Equity Shares on exercise of options in accordance with IND AS 33 'Earnings Per Share'	NA	Basic Earnings per share of ₹ 3.76 for the year ended March 31, 2021, after taking impact of bonus issue  Diluted Earnings per share of ₹ 3.75 for the year ended March 31, 2021 after taking impact of bonus issue	NA
Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Company and on the earnings per share of the Company	NA	Company has calculated the employee compensation cost using fair value of the stock options	NA
Description of the pricing formula and method and significant assumptions used to estimate the fair value of options granted during the year including, weighted average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in the market at the time of grant of option	NA	<b>Valuation of Options</b> Black-Scholes-Merton Model has been used for the valuation of Options  <b>Significant assumptions:</b>  <b>Term of expiry:</b> 2.5 years for options vesting in first year 3.5 years for options vesting in second year 4.5 years for options vesting in third year  <b>Risk free rate:</b> 4.64% for options vesting in first year 5.04% for options vesting in second year 5.23% for options vesting in third year  <b>Volatility:</b> 46.19% for options vesting in first year	NA

Particulars	Details		
	Financial Year 2020	Financial Year 2021	From April 1, 2021 until the date of this Red Herring Prospectus
		46.63% for options vesting in second year 46.51% for options vesting in third year  <b>Dividend Yield:</b> 1.6%  <b>Price of the underlying share in the market at the time of grant of option</b> of Rs. 950/- per share has been used and calculated using Comparable Companies Method (Market Approach)  <b>Significant assumptions:</b> NFY +1 EBITDA multiple of 7.3	
Impact on the profits and on the Earnings Per Share of the last three years if the accounting policies specified in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 had been followed, in respect of options granted in the last three Years.	NA	No impact since as per Regulation 15 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, <i>“any company implementing any of the share based schemes shall follow the requirements of the 'Guidance Note on Accounting for employee share-based Payments' (Guidance Note) or Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI) from time to time, including the disclosure requirements prescribed therein,”</i> and the Company has followed Ind AS 102 “Share Based Payments”.	NA
Intention of key managerial personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer.	NA	NA	NA
Intention to sell Equity Shares arising out of the ESOP Scheme or allotted under an ESOP Scheme within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having Equity Shares arising out of the ESOP Scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions).	NA	NA	NA

## OBJECTS OF THE OFFER

The Offer comprises of the Fresh Issue and the Offer for Sale.

### Offer for Sale

The Selling Shareholder (Singapore VII Topco III Pte. Ltd.) will be entitled to the proceeds from the Offer for Sale. Our Company will not receive any proceeds from the Offer for Sale. All fees and expenses in relation to the Offer other than the listing fees (which shall be borne by our Company) shall be shared amongst our Company and the Selling Shareholder (Singapore VII Topco III Pte. Ltd.), pursuant to the Offer and in accordance with applicable laws. However, for ease of operations, expenses of the Selling Shareholder may, at the outset, be borne by our Company on behalf of the Selling Shareholder (Singapore VII Topco III Pte. Ltd.), and the Selling Shareholder (Singapore VII Topco III Pte. Ltd.) agrees that it will reimburse our Company for all such expenses, upon successful completion of the Offer, in accordance with applicable laws.

### Objects of the Fresh Issue

Our Company proposes to utilise the Net Proceeds from the Fresh Issue towards funding the following objects:

1. Repayment and pre-payment of identified borrowings in full availed by our Company; and
2. General corporate purposes.

The main objects and objects incidental and ancillary to the main objects set out in the Memorandum of Association enable us (i) to undertake our existing business activities (ii) to undertake the activities proposed to be funded from the Net Proceeds, as well as the activities towards which the loans proposed to be repaid from the Net Proceeds were utilised. Further, our Company expects that the listing of the Equity Shares will enhance our visibility and our brand image among our existing and potential customers.

### Net Proceeds

The details of the proceeds from the Fresh Issue are summarized in the following table:

Particulars	Estimated amount (₹ in million)
Gross proceeds of the Fresh Issue <sup>(1)</sup>	3,000
(Less) Fresh Issue expenses <sup>(1)</sup>	[•]
<b>Net Proceeds of the Fresh Issue (the “Net Proceeds”)</b>	<b>[•]</b>

(1) To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.

### Utilization of Net Proceeds

The Net Proceeds are proposed to be utilised in accordance with the details provided in the following table:

Particulars	Amount (₹ in million)
Repayment and pre-payment of identified borrowings in full availed by our Company	2,411.17
General corporate purposes <sup>(1)</sup>	[•]
<b>Total</b>	<b>[•]</b>

(1) To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Net Proceeds.

### Proposed schedule of implementation and deployment of Net Proceeds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

(₹ in million)

Particulars	Estimated utilisation from Net Proceeds <sup>(1)</sup>	Estimated schedule of deployment of Net Proceeds in Fiscal 2022
Repayment and pre-payment of identified borrowings in full availed by our Company	2,411.17	2,411.17
General corporate purposes <sup>(1)</sup>	●	●
<b>Total</b>	●	●

<sup>(1)</sup> To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Net Proceeds.

In the event of the estimated utilisation of the Net Proceeds in a scheduled Fiscal being not undertaken in its entirety, the remaining Net Proceeds shall be utilised in subsequent Fiscals, as may be decided by our Company, in accordance with applicable laws. Further, if the Net Proceeds are not completely utilised for the objects during the respective periods stated above due to factors such as (i) economic and business conditions; (ii) timely completion of the Offer; (iii) market conditions outside the control of our Company; and (iv) any other commercial considerations, the remaining Net Proceeds shall be utilised (in part or full) in subsequent periods as may be determined by our Company, in accordance with applicable laws.

The deployment of funds indicated above is based on management estimates, current circumstances of our business and prevailing market conditions, which are subject to change. The deployment of funds described herein has not been appraised by any bank or financial institution or any other independent agency. We may have to revise our funding requirements and deployment from time to time on account of various factors, such as financial and market conditions, competition, business and strategy and interest/exchange rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable law. For further details, see “*Risk Factors – Our funding requirements and proposed deployment of the Net Proceeds of the Offer have not been appraised by a bank or a financial institution and if there are any delays or cost overruns, our business, financial condition and results of operations may be adversely affected*” on page 50.

Subject to applicable laws, in the event of any increase in the actual utilisation of funds earmarked for the purposes set forth above, such additional funds for a particular activity will be met by way of means available to us, including from internal accruals and any additional equity and/or debt arrangements from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls.

## Details of the objects of the Offer

### 1. Repayment and pre-payment of identified borrowings in full availed by our Company as set forth below

Our Company has entered into various financial arrangements with banks, financial institutions and other entities. The loan facilities availed by our Company includes borrowing in the form of, *inter alia*, term loans and working capital facilities. Our Company has obtained no objection certificates from the lenders of our Company for the Offer, as applicable. For further details, see “*Financial Indebtedness*” on page 359. As at March 31, 2021, the amount outstanding under our fund based and non-fund based working capital and term loan facilities was ₹ 2,481.32 million. Our Company proposes to utilize an estimated amount of ₹ 2,411.17 million from the Net Proceeds towards repayment and pre-payment in full of identified borrowings availed by our Company.

Given the nature of these borrowings and the terms of repayment, the aggregate outstanding amounts under these borrowings may vary from time to time and our Company may, in accordance with the relevant repayment schedule, repay or refinance some of its existing borrowings prior to Allotment. Our Company may avail further loans after the date of this Red Herring Prospectus and/or draw down further funds under existing loans. Accordingly, in case any of the below loans are pre-paid or further drawn-down prior to the completion of the Offer, we may utilize the Net Proceeds towards repayment/pre-payment of such additional indebtedness. However, the aggregate amount to be utilised from the Net Proceeds towards prepayment or repayment of identified borrowings (including refinanced or additional facilities availed, if any), in full would not exceed ₹ 2,411.17 million. We believe that such repayment and pre-payment will help reduce our

outstanding indebtedness, debt servicing costs and enable utilization of our accruals for further investment in our business growth and expansion. Additionally, we believe that the leverage capacity of our Company will improve our ability to raise further resources in the future to fund our potential business development opportunities and plans to grow and expand our business.

The selection of borrowings proposed to be prepaid or repaid amongst our borrowing arrangements availed will be based on various factors, including (i) cost of the borrowing, including applicable interest rates, (ii) any conditions attached to the borrowings restricting our ability to prepay/ repay the borrowings and time taken to fulfil, or obtain waivers for fulfilment of such conditions, (iii) receipt of consents for prepayment from the respective lenders, (iv) terms and conditions of such consents and waivers, (v) levy of any prepayment penalties and the quantum thereof, (vi) provisions of any laws, rules and regulations governing such borrowings, and (vii) other commercial considerations including, among others, the amount of the loan outstanding and the remaining tenor of the loan. In this regard, HDFC Bank Limited and Citibank N.A. have issued letters dated February 19, 2021 and May 11, 2021 to our Company waiving the pre-payment penalty on the term loans sanctioned to our Company. Further, our Company has obtained written consents from the relevant lenders for undertaking the Offer.

The following table provides details of borrowings availed by our Company, which are currently proposed to be fully or partially repaid or pre-paid up to the extent of ₹ 2,411.17 million from the Net Proceeds:

S. No.	Name of the lender	Nature of borrowing and date of the sanction letter/ document	Purpose <sup>(1)</sup>	Amount sanctioned <sup>(2)</sup>	Amount outstanding as at March 31, 2021 <sup>(2)</sup>	Interest rate <sup>(2)</sup>	Repayment date/ schedule <sup>(2)</sup>	Pre-payment penalty <sup>(2)</sup>
				(₹ in million)				
1.	HDFC Bank Limited	Term loan	Procurement of plant and machinery and miscellaneous fixed assets	400.00	195.71	1 year MCLR + 50 bps	Quarterly instalments ending March 31, 2023	Prepayment penalty of 1.5% of the loan amount to be pre-paid by the Company
2.	HDFC Bank Limited	Term loan	Capex/reimbursement of capex	1,040.00	771.60	1 year MCLR + 50 bps	Quarterly instalments ending October 30, 2023	Prepayment penalty of 1.5% of the amount outstanding and applicable taxes
3.	HDFC Bank Limited	Term loan	Capex/reimbursement of capex	850.00	683.28	1 year MCLR + 85 bps	Quarterly instalments ending January 1, 2026	Prepayment penalty of 0.5 % on the principal amount of the loan being prepaid
4.	HDFC Bank Limited	Term loan	Capex-towards expansion of differential assembly manufacturing capacity of the Company	960.00	455.73	6 month MCLR + 20 bps	Quarterly instalments ending December 23, 2026	Prepayment penalty of 0.5 % on the principal amount of the loan

S. No.	Name of the lender	Nature of borrowing and date of the sanction letter/ document	Purpose <sup>(1)</sup>	Amount sanctioned <sup>(2)</sup>	Amount outstanding as at March 31, 2021 <sup>(2)</sup>	Interest rate <sup>(2)</sup>	Repayment date/ schedule <sup>(2)</sup>	Pre-payment penalty <sup>(2)</sup>
				(₹ in million)				
								being prepaid
5.	Citibank NA	Term loan	Refinancing of inter-corporate deposits	500.00	375.00	3 month T Bill +3.67%	Quarterly instalments ending March 24, 2024	Prepayment penalty of 2% on the principal amount of the loan being prepaid
Total				3,750.00	2,481.32			

<sup>(1)</sup> Our Statutory Auditors and SCV & Co. LLP, Chartered Accountants have confirmed that the above borrowings have been utilised for the purpose for which they were availed pursuant to certificates dated June 3, 2021 each.

<sup>(2)</sup> As certified by SCV & Co. LLP, Chartered Accountants pursuant to certificate dated June 3, 2021.

Our Company may consider the following factors for identifying the loans that will be repaid out of the Net Proceeds:

- (i) Costs, expenses and charges relating to the facility including interest rates involved;
- (ii) Presence of onerous terms and conditions under the facility;
- (iii) Ease of operation of the facility;
- (iv) Levy of any prepayment penalties and the quantum thereof;
- (v) Provisions of any law, rules, regulations governing such borrowings;
- (vi) Terms of pre-payment to lenders, if any;
- (vii) Mix of credit facilities provided by lenders; and
- (viii) Other commercial considerations including, among others, the interest rate on the loan facility, the amount of the loan outstanding and the remaining tenor of the loan.

Given the nature of these borrowings and the terms of prepayment, the aggregate outstanding loan amounts may vary from time to time. In the event that there are any prepayment penalties required to be paid under the terms of the relevant financing agreements, such prepayment penalties shall be paid by our Company out of its internal accruals. We will take such provisions also into consideration while deciding repayment and pre-payment of identified loans from the Net Proceeds.

## 2. General corporate purposes

Our Company proposes to deploy the balance Net Proceeds aggregating to ₹ [●] million towards general corporate purposes, subject to such utilisation not exceeding 25% of the Net Proceeds of the Fresh Issue, in compliance with Regulation 7(2) of the SEBI ICDR Regulations. The general corporate purposes for which our Company proposes to utilise the Net Proceeds include capital expenditure, meeting our working capital requirements, marketing and business development expenses, expansion of facilities and meeting exigencies and expenses incurred by our Company in the ordinary course of business. In addition to the above, our Company may utilise the Net Proceeds towards other expenditure (in the ordinary course of business) considered expedient and as approved periodically by the Board or a duly constituted committee thereof, subject to compliance with necessary provisions of the Companies Act or other applicable laws.

The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount actually available under this head and the business requirements of our Company, from time to time. Our Company's management, in accordance with the policies of the Board, shall have flexibility in utilising

surplus amounts, if any. In the event that we are unable to utilise the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilise such unutilised amount in the next Fiscal.

### Offer related expenses

The total expenses of the Offer are estimated to be approximately ₹[●] million. The Offer related expenses include fees payable to the BRLMs and legal counsel, fees payable to the auditors, brokerage and selling commission, commission payable to Registered Brokers, SCSBs' fees, Registrar's fees, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges. The break-up of the Offer expenses is as follows:

Activity	Estimated expenses <sup>(1)(5)</sup> (₹ in million)	As a % of the total estimated Offer expenses <sup>(1)</sup>	As a % of the total Offer size <sup>(1)</sup>
BRLMs fees and commissions (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Commission/processing fee for SCSBs and Bankers to the Offer and fees payable to the Sponsor Bank for Bids made by RIBs using the UPI Mechanism <sup>(2)</sup>	[●]	[●]	[●]
Brokerage and selling commission for members of Syndicate, and Registered Brokers, RTAs and CDPs <sup>(3)</sup>	[●]	[●]	[●]
Fees payable to the Registrar to the Offer	[●]	[●]	[●]
Fees payable to the other advisors to the Offer	[●]	[●]	[●]
Others			
- Listing fees, SEBI filing fees, BSE and NSE processing fees, book building software fees	[●]	[●]	[●]
- Printing and stationery	[●]	[●]	[●]
- Advertising and marketing expenses	[●]	[●]	[●]
- Miscellaneous	[●]	[●]	[●]
<b>Total estimated Offer expenses</b>	[●]	[●]	[●]

(1) To be incorporated in the Prospectus post finalization of the Offer Price.

(2) Selling commission payable to the SCSBs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are directly procured by the SCSBs, would be as follows:

Portion for Retail Individual Bidders*	0.35% of the Amount Allotted (plus applicable taxes)
Portion for Non-Institutional Bidders*	0.20% of the Amount Allotted (plus applicable taxes)

\*Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.

Sponsor Bank will be entitled to processing fee of ₹ 1 for every valid ASBA Form for Bids made by RIBs using UPI Mechanism. The Sponsor Bank shall be responsible for making payments to third parties such as the remitter bank, NPCI and such other parties as required in connection with the performance of its duties under applicable SEBI circulars, amendments and applicable laws.

(3) Registered Brokers will be entitled to a commission of ₹ 10 per every valid ASBA Form submitted to them and uploaded on the electronic bidding system of the Stock Exchanges.

(4) Members of syndicate, RTAs, CDPs and SCSBs (for the forms directly procured by them) will be entitled to selling commission as below:

- Portion for Retail Individual Bidders: 0.35% of the Amount Allotted\*

- Portion for Non-Institutional Bidders: 0.20% of the Amount Allotted\*

\* Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.

Note: All of the above are exclusive of applicable taxes

(5) The commissions and processing fees shall be payable within 30 Working Days post the date of the receipt of the final invoices of the respective intermediaries by the Company.

### Means of finance

The fund requirements set out for the aforesaid objects of the Offer are proposed to be met entirely from the Net Proceeds. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Fresh Issue and existing identifiable accruals as required under the SEBI ICDR Regulations.

### Interim use of Net Proceeds

Our Company, in accordance with the policies established by the Board from time to time, will have flexibility to deploy the Net Proceeds. Pending utilisation for the purposes described above, our Company will deposit the Net Proceeds only with one or more scheduled commercial banks included in Second Schedule of Reserve Bank of India Act, 1934 as may be approved by our Board or IPO Committee. In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in the shares of any other listed company.



### **Bridge Financing Facilities**

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Red Herring Prospectus.

### **Appraising Entity**

None of the objects for which the Net Proceeds will be utilised have been appraised by any agency.

### **Monitoring of utilization of funds**

Our Company has appointed HDFC Bank Limited as the monitoring agency in accordance with Regulation 41 of the SEBI ICDR Regulations. Our Board and the monitoring agency will monitor the utilisation of the Net Proceeds, and submit the report required under Regulation 41(2) of the SEBI ICDR Regulations.

Our Company will disclose the utilisation of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilised.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. The Audit Committee shall make recommendations to our Board for further action, if appropriate. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in this Red Herring Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilized. Such disclosure shall be made only until such time that all the Net Proceeds have been utilized in full. The statement shall be certified by the statutory auditor of our Company. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilization of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above; and (ii) details of category wise variations in the actual utilization of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

### **Variation in objects**

In accordance with Sections 13(8) and 27 of the Companies Act and applicable rules, our Company shall not vary the objects of the Offer without our Company being authorised to do so by the Shareholders by way of a special resolution through postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("**Postal Ballot Notice**") shall specify the prescribed details as required under the Companies Act and applicable rules. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Hindi, being the regional language of Haryana, where our Registered and Corporate Office is situated in accordance with the Companies Act and applicable rules. Our Promoters or controlling shareholders will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the objects, at such price, and in such manner, in accordance with our AoA, and the SEBI ICDR Regulations.

### **Other confirmations**

Except to the extent of the proceeds received pursuant to the Offer for Sale portion, none of our Promoters, their respective Promoter Groups, Directors, Key Managerial Personnel, or Group Companies will receive any portion of the Offer Proceeds.

Further, except in the ordinary course of business, there is no existing or anticipated interest of such individuals and entities in the objects of the Fresh Issue as set out above.

## BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Bidders should read “*Risk Factors*”, “*Our Business*”, “*Restated Consolidated Financial Information*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 26, 167, 239 and 361 respectively, to have an informed view before making an investment decision.

Information in this section has been derived from Restated Consolidated Financial Information which also includes results from discontinued operations.

### Qualitative Factors

We believe that some of the qualitative factors which form the basis for computing the Offer Price are as follows:

- (a) One of the leading manufacturers and suppliers to global EV markets;
- (b) One of the leading global companies and gaining market share, diversified across key automotive geographies, products, vehicle segments and customers;
- (c) Strong research and development and technological capabilities in both hardware and software development;
- (d) Strong business development with customer centric approach;
- (e) Consistent financial performance with industry leading metrics; and
- (f) Highly experienced board of directors and management team.

For further details, see “*Our Business – Our Competitive Strengths*” on page 170.

### Quantitative Factors

Certain information presented below, relating to our Company, is based on the Restated Consolidated Financial Information. For details, see “*Restated Consolidated Financial Information*” beginning on page 239.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

#### 1. Basic and Diluted Earnings Per Share (“EPS”), as adjusted for changes in capital

As per the Restated Consolidated Financial Information of our Company:

Financial Period	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
Financial Year 2021	3.76	3.75	3
Financial Year 2020	7.06	7.06	2
Financial Year 2019	5.20	5.20	1
Weighted Average	5.10	5.10	

Notes:

(1) Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year/Total of weights.

(2) The face value of each Equity Share is ₹ 10.

(3) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Consolidated Financial Information as appearing in “*Restated Consolidated Financial Information*” beginning on page 239.

#### 2. Price/Earning (“P/E”) ratio in relation to Price Band of ₹ [●] to ₹ [●] per Equity Share

As per the Restated Consolidated Financial Information of our Company:

Particulars	P/E at the lower end of Price Band (no. of times)	P/E at the higher end of Price Band (no. of times)
Based on Basic EPS for Financial Year 2021	[●]	[●]

Particulars	P/E at the lower end of Price Band (no. of times)	P/E at the higher end of Price Band (no. of times)
Based on Diluted EPS for Financial Year 2021	[●]	[●]

Notes:

<sup>(1)</sup> Price/earning (P/E) ratio is computed by dividing the price per share by earnings per share.

### Industry Price/Earning ratio

	P/E Ratio
Highest	40,850.00
Lowest	22.30
Industry Composite	4,150.77

Notes:

<sup>(1)</sup> The industry high and low has been considered from the industry peer set provided later in this chapter. The industry composite has been calculated as the arithmetic average P/E of the industry peer set disclosed in this section. For further details, see “– Comparison of Accounting Ratios with Listed Industry Peers” on page 96.

### 3. Return on Net Worth (“RoNW”)

As per the Restated Consolidated Financial Information of our Company:

Particulars	RoNW %	Weight
Financial Year 2021	16.5%	3
Financial Year 2020	30.6%	2
Financial Year 2019	99.5%	1
Weighted Average	35.0%	

Notes:

<sup>(1)</sup> Return on net worth (%) = Net profit attributable to equity shareholders / net worth (total equity net of minority interest)

### 4. Net Asset Value per Equity Share of face value of ₹ 10 each

As per the Restated Consolidated Financial Information of our Company:

Net Asset Value per Equity Share	(₹)
As on March 31, 2021	22.75
After the Offer	[●]

Notes:

<sup>(1)</sup> Net asset value per equity share (diluted) (Rs.) = Total equity (net of minority interest) / weighted average number of diluted equity shares outstanding during the period/year.

### 5. Comparison of Accounting Ratios with Listed Industry Peers

Name of Company	Face Value (₹ Per Share)	Closing price on June 1, 2021 (₹)	Revenue, for Financial Year 2020 / 2021 (in ₹ million)	EPS (₹)		NAV <sup>(4)</sup> (₹ per share)	P/E <sup>(2)</sup>	RoNW <sup>(3)</sup> (%)
				Basic <sup>(1)</sup>	Diluted <sup>(1)</sup>			
Sona BLW Precision Forgings Limited <sup>(6)</sup>	10	-	15,663	3.76	3.75	22.75	-	16.5%
<b>Listed Peers<sup>(5)</sup></b>								
Motherson Sumi Systems Limited	1	237.30	601,954	3.29	3.29	52.52	72.13	9.5%
Sundaram-Clayton Limited	5	3,566.90	202,987	159.98	159.98	2,304.91	22.30	12.7%
Varroc Engineering Limited	1	408.50	111,219	0.01	0.01	224.72	40,850.00	0.1%
Bosch Limited	10	15,108.55	97,162	163.4	163.4	3,327.13	92.46	4.9%
Bharat Forge Limited	2	666.65	80,558	7.51	7.51	112.80	88.77	6.7%
Mahindra Automotive Limited	10	196.15	60,501	2.8	2.8	129.49	70.05	2.2%

Name of Company	Face Value (₹ Per Share)	Closing price on June 1, 2021 (₹)	Revenue, for Financial Year 2020 / 2021 (in ₹ million)	EPS (₹)		NAV <sup>(4)</sup> (₹ per share)	P/E <sup>(2)</sup>	RoNW <sup>(3)</sup> (%)
				Basic <sup>(1)</sup>	Diluted <sup>(1)</sup>			
Endurance Technologies Limited	10	1,492.90	65,470	36.95	36.95	253.24	40.40	14.6%
Minda Industries Limited	2	590.70	54,651	5.91	5.91	80.03	99.95	8.9%
Sundram Fasteners Limited	1	785.80	36,443	17.1	17.1	112.23	45.95	15.4%
WABCO India Limited	5	6,881.30	18,635	54.73	54.73	1,052.53	125.73	5.2%

Notes:

- (1) Basic and Diluted EPS refers to the Basic and Diluted EPS sourced from the financial statements of the companies respectively for the year ended March 31, 2021 in case of Sona BLW Precision Forgings Limited, Sundaram Clayton Limited, Bosch Limited, Endurance Technologies Limited, WABCO India Limited, Motherson Sumi Systems Limited and Sundram Fasteners Limited, for the year ended December 31, 2020 for Mahindra CIE Automotive Limited and for the year ended March 31, 2020 for the other companies.
- (2) P/E Ratio has been computed based on the closing market price of equity shares on NSE on June 1, 2021, divided by the Diluted EPS provided under Note 1 above.
- (3) RoNW is computed as net profit after tax (including profit attributable to non-controlling interest) divided by closing net worth. Net worth has been computed as sum of paid-up share capital and other equity
- (4) NAV is computed as the closing net worth divided by the closing outstanding number of equity shares
- (5) Financial information for Sundaram Clayton Limited, Bosch Limited, Endurance Technologies Limited, WABCO India Limited, Motherson Sumi Systems Limited and Sundaram Fasteners Limited is for the year ended March 31, 2021, financial information for Mahindra CIE Automotive Limited is for the financial year ended December 31, 2020 and for other companies financial information is for the financial year ended March 31, 2020.
- (6) Financial information for Sona BLW Precision Forgings Limited is derived from the Restated Financial Statements for the year ended March 31, 2021.

The Offer Price of ₹ [●] has been determined by our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers, on the basis of assessment of market demand from investors for Equity Shares through the Book Building Process, and is justified in view of the above qualitative and quantitative parameters. Bidders should read the above mentioned information along with “Risk Factors”, “Our Business”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Restated Consolidated Financial Information” beginning on pages 26, 167, 361 and 239, respectively, to have a more informed view. The trading price of Equity Shares could decline due to factors mentioned in “Risk Factors” beginning on page 26 and you may lose all or part of your investments.

## STATEMENT OF SPECIAL TAX BENEFITS

### Direct Tax

To,  
The Board of Directors  
Sona BLW Precision Forgings Limited  
Sona Enclave, Village Begum Khatola,  
Sector 35, Gurgaon – 122004

### Proposed Offering of securities (“Offer”) in India by Sona BLW Precision Forgings Limited (the “Issuer”/“Company”).

1. This report is issued in accordance with the terms of our engagement letter dated 16<sup>th</sup> January 2021 and addendum dated 24 April 2021.
2. The accompanying Statement of Possible Special Tax Benefits available to the Company, its Shareholders and its material subsidiaries (hereinafter referred to as “the Statement”) under the Income Tax Act, 1961 (read with Income Tax Rules, circulars, notifications) as amended by the Finance Act, 2021 (hereinafter referred to as the “Indian Income Tax Regulations”) and the Income Tax regulations in the respective countries where the material subsidiaries are located has been prepared by the management of the Company in connection with the Offer, which we have initiated for identification purposes.

### Management’s Responsibility

3. The preparation of this Statement as of the date of our report which is to be included in the Red Herring Prospectus and the Prospectus is the responsibility of the management of the Company and has been approved by the IPO Committee of the Board of Directors of the Company at its meeting held on 21 May 2021 for the purpose set out in paragraph 9 below. The management’s responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

### Auditor’s Responsibility

4. Our work has been carried out in accordance with Standards on Auditing, the ‘Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)’ and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India.
5. Pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended (the ‘ICDR Regulations’) and the Companies Act 2013 (‘Act’), it is our responsibility to report whether the Statement prepared by the Company, presents, in all material respects, the possible special tax benefits as of 21 May 2021 available to the Company, the shareholders and material subsidiaries of the Company, in accordance with the Indian Income Tax Regulations and the Income Tax regulations of the respective countries where material subsidiaries are located as at the date of our report.
6. It is imperative to note that we have relied upon a representation from the Management of the Company and confirmations received from the Tax Advisors of the respective overseas material subsidiaries of the Company with respect to the special tax benefits in their respective overseas jurisdictions.

List of material subsidiaries as identified by the Company on the date of signing of this report:

Sr. No	Name of Subsidiary	Country
1	Comstar India Automotive Technologies Private Limited	India
2	Comstar Automotive USA LLC	USA

7. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the ICDR Regulations in connection with the Offer.

## **Inherent Limitations**

8. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

Several of the benefits mentioned in the accompanying statement are dependent on the Company or its shareholders or its material subsidiaries fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Company or its shareholders or its material subsidiaries to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the accompanying statement are not exhaustive

The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue.

Further, we give no assurance that the Revenue Authorities/ Courts will concur with our views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

## **Opinion**

9. In our opinion, the Statement prepared by the Company presents, in all material respects, the possible special tax benefits available as of 21 May 2021, to the Company, its shareholders and its material subsidiaries, with the Indian Income Tax Regulations and the Income Tax regulations of the respective jurisdiction where the material subsidiaries are located.

Considering the matter referred to in paragraph 8 above, we are unable to express any opinion or provide any assurance as to whether:

- (i) The Company or its shareholders will continue to obtain the benefits per the Statement in future; or
- (ii) The conditions prescribed for availing the benefits per the Statement have been/ would be met with.

## **Restriction on Use**

10. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Red Herring Prospectus and the Prospectus, prepared in connection with the Offer to be filed by the Company with the Securities and Exchange Board of India and the concerned stock exchanges.

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N500013

Sujay Paul

Partner

Membership No.: 096314

UDIN: 21096314AAACT3176

Date: 21 May 2021

Place: Noida

## **STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO SONA BLW PRECISION FORGINGS LIMITED (THE “COMPANY”), ITS SHAREHOLDERS AND MATERIAL SUBSIDIARIES**

Outlined below are the possible special tax benefits available to the Company, material subsidiaries and its shareholders under the Income Tax Laws within and outside India. These possible special tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant Income Tax Laws.

### **A. Special tax benefits available to the Company and its Material Subsidiaries in India under the Income-tax Act, 1961 (hereinafter referred to as ‘the Act’), as amended by the Finance Act 2021, applicable for Financial Year 2021-22 relevant to Assessment Year 2022-23**

#### **1. Lower corporate tax rates on income of domestic companies - Section 115BAA of the Act**

The Taxation Laws (Amendment) Act, 2019 introduced section 115BAA wherein domestic companies are entitled to avail a concessional tax rate of 22% (plus applicable surcharge and cess) on fulfillment of certain conditions. The option to apply this tax rate is available from FY 2019-20 relevant to AY 2020-21 and the option once exercised shall apply to subsequent assessment years. The concessional rate of 22% is subject to the company not availing any of the following specified tax exemptions/incentives under the Act:

- Deduction u/s 10AA: Tax holiday available to units in a Special Economic Zone;
- Deductions available under the Chapter VI-A except under section 80JJAA and section 80M;
- Deduction u/s 32(1)(ia): Additional Depreciation;
- Deduction u/s 32AD: Investment allowance;
- Deduction u/s 35AD: Deduction for capital expenditure incurred on specified businesses;
- Deduction under certain sub-sections/clauses of Section 35: Expenditure on scientific research.

The total income of a company availing the concessional rate of 22% is required to be computed without set-off of any carried forward loss and depreciation attributable to any of the aforesaid deductions/incentives. A company can exercise the option to apply for the concessional tax rate in its return of income filed under section 139(1) of the Act. Further, provisions of Minimum Alternate Tax (‘MAT’) under section 115JB of the Act shall not be applicable to companies availing this reduced tax rate, thus, any carried forward MAT credit also cannot be claimed.

The provisions do not specify any limitation/condition on account of turnover, nature of business or date of incorporation for opting for the concessional tax rate. Accordingly, all existing as well as new domestic companies are eligible to avail this concessional rate of tax.

Note: The company and its material subsidiaries in India have opted the lower rate benefit for the financial year 2019-20 relevant to the assessment year 2020-21 as mentioned in the Section 115BAA.

#### **2. Deductions in respect of employment of new employees - Section 80JJAA of the Act.**

As per section 80JJAA, where a company is subject to tax audit under section 44AB of the Act and derives income from business, shall be allowed deduction of an amount equal to 30% of additional employee cost incurred in the course of business in a previous year, for 3 consecutive assessment years including the assessment year relevant to the previous year in which such additional employee cost is incurred.

Additional employee cost means the total emoluments paid or payable to additional employees employed in the previous year through an account payee cheque or account payee bank draft or by use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed. These employees should also have total salary not more than Rs. 25,000/- per month and should also be member of a recognised provident fund.

The deduction under section 80JJAA would continue to be available to the company even where the company opts for the lower tax rate of 22% under the provisions of section 115BAA of the Act (as discussed above).

#### **3. Deduction in respect of inter-corporate dividends – Section 80M of the Act**

The Dividend Distribution Tax ('DDT') applicable on companies on declaration of dividend has been deleted by the Finance Act 2020 with effect from 1st April 2020. Dividend income shall be taxable in the hands of shareholders with effect from AY 2021-22.

The Finance Act, 2020 has inserted section 80M effective 1st April 2020 to eliminate the cascading tax effect in case of inter-corporate dividends by providing a deduction in respect of dividends received by a domestic company, to the extent such dividend is distributed by it on or before the due date. In this case, due date means one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the Act.

**B. Special tax benefits available to Material Subsidiary, namely Comstar Automotive USA LLC of the company situated in USA**

Comstar Automotive USA, LLC(Comstar US) is a US based company and is a material subsidiary of Sona BLW Precision Forgings Limited.

As per the USA registered CPA, Comstar US is not receiving any special tax benefits in USA.

**C. Special tax benefits available to the shareholders under the Act**

There are no special tax benefits available to the shareholders of the Company.

As per the USA registered CPA, the only tax benefit for shareholder of Comstar Automotive USA, LLC is receiving lower withholding tax rate as allowed under the India-USA Income tax treaty for distribution made by Comstar Automotive USA LLC to the shareholder or interest paid on loans.

**Notes:**

The above statement covers only above-mentioned tax laws benefits as per the current Income Tax Laws and does not cover any benefit under any other law.

This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. The shareholders / investors in India or any country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.

No assurance is given that the revenue authorities/courts will concur with the views expressed by us. Our views are purely based on the existing provisions of law and its interpretation and available rulings, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

**For and on behalf of IPO Committee of the Board of Directors**

(Authorized Signatory)

Place: Gurgaon

Date: 21.05.2021



## Indirect Tax

To,  
The Board of Directors,  
Sona BLW Precision Forgings Limited  
Sona Enclave Village Begumpur Khatola,  
Sector 35, Gurugram, Haryana - 122004, India

### **Re: Proposed offering of securities (“Offer”) in India by Sona BLW Precision Forgings Limited (“the Issuer/ Company”)**

1. This report is issued in accordance with the terms of our engagement letter dated 16 January 2021 and addendum dated 24 April 2021.
2. The accompanying Statement of Possible Special Tax Benefits summarizes the special tax benefits available to the Company, its Shareholders and its material subsidiaries (hereinafter referred to as “the Statement”), under the Central Goods and Services Tax Act, 2017 (read with Central Goods and Services Tax Rules, circulars, notifications), respective State Goods and Services Tax Act, 2017 (read with respective State Goods and Services Tax Rules, circulars, notifications), Integrated Goods and Services Tax Act, 2017 (read with Integrated Goods and Services Tax Rules, circulars, notifications), The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20), Customs Act, 1962 (read with Custom Rules, circulars, notifications), Customs Tariff Act, 1975 (read with Custom Tariff Rules, circulars, notifications), (together referred to as “Indirect Tax Regulations”) has been prepared by the management of the Company in connection with the Offer, which we have initialed for identification purposes.

### **Management’s Responsibility**

3. The preparation of this Statement as of the date of our report which is to be included in the Red Herring Prospectus and the Prospectus is the responsibility of the Management of the Company and has been approved by the IPO Committee of the Board of Directors of the Company at its meeting held on 21 May 2021. The Management’s responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

### **Auditor’s Responsibility**

4. Our work has been carried out in accordance with Standards on Auditing, the 'Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)' and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India.
5. Pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations 2018, as amended (the ‘ICDR Regulations’) and the Companies Act 2013 (‘Act’), it is our responsibility to report whether the Statement prepared by the Company, presents, in all material respects, the possible special tax benefits available as of 21 May 2021 to the Company, the shareholders and material subsidiaries of the Company, in accordance with Indirect Tax Regulations as at the date of our report.
6. It is imperative to note that we have relied upon a representation from the Management of the Company and confirmation received from the tax advisors of the respective overseas material subsidiaries of the Company with respect to the special tax benefits in their respective overseas jurisdictions.

List of material subsidiaries as identified by the Company on the date of signing of this report:

<b>S.no</b>	<b>Name of the subsidiary</b>	<b>Country</b>
1	Comstar Automotive Technologies Private Limited	India
2	Comstar Automotive USA LLC	USA

7. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the ICDR Regulations in connection with the Offer.

#### **Inherent Limitations**

8. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

Several of the benefits mentioned in the accompanying statement are dependent on the Company or its shareholders or its material subsidiaries fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Company or its material subsidiaries or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the accompanying Statement are not exhaustive.

The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue.

Further, we give no assurance that the Revenue Authorities / Courts will concur with our views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

#### **Opinion**

9. In our opinion, the Statement prepared by the Company presents, in all material respects, the possible special tax benefits available as of 21 May 2021, to the Company, its shareholders and its material subsidiaries, in accordance with the Indirect Tax Regulations.

Considering the matter referred to in paragraph 8 above, we are unable to express any opinion or provide any assurance as to whether:

- (iii) The Company or its shareholders or material subsidiaries will continue to obtain the benefits per the Statement in future; or
- (iv) The conditions prescribed for availing the benefits per the Statement have been/ would be met with.

#### **Restriction on Use**

10. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Red Herring Prospectus and the Prospectus, prepared in connection with the Offer, to be filed by the Company with the Securities and Exchange Board of India and the concerned stock exchanges.

#### **For Walker Chandiok & Co LLP**

Chartered Accountants

(Firm Registration No. 001076N/N500013)

Sujay Paul

Partner

Membership No. 096314

Place: Noida

Date: 21 May 2021

UDIN: 21096314AAAACU2401

**Statement of possible special tax benefits available to Sona BLW Precision Forgings Limited, its Shareholders and its material subsidiaries i.e., Comstar Automotive Technologies Private Limited and Comstar Automotive USA, LLC**

**Special tax benefits available to Sona BLW Precision Forgings Limited under the Indirect Tax Regulations**

**1. Benefits under The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20)**

**Remission of Duties and Taxes on Exported Products (RoDTEP)**

The Remission of Duties and Taxes on Exported Products (RoDTEP) scheme was announced by Government of India (GOI) on 14 September 2019 to boost exports by allowing reimbursement of taxes and duties, which are not exempted or refunded under any other scheme in accordance with World Trade Organization (WTO) norms.

RoDTEP is a combination of the current Merchandise Export from India Scheme (MEIS) and Rebate of State and Central Taxes and Levies (RoSCTL) and will replace all these schemes once come in operations. At present, embedded duties and taxes, which are not refunded under any other scheme, range from 1-3%. Under the scheme, rebate of these taxes will be given in the form of duty credit/electronic scrip.

RoDTEP scheme was initially proposed to be notified from April 2020. However, GOI decided to continue to allow the benefits under MEIS up to 31 December 2020, until the same is merged with RoDTEP scheme. The scheme has been now notified from 1 January 2021. However, the applicable rates of this benefit are yet to be notified. Further, the incentives under the said scheme may be available subject to eligibility conditions which would be prescribed vide press release, advisories, notifications etc. in due course of time.

**Export Promotion Capital Goods (EPCG)**

The objective of the EPCG Scheme is to facilitate import of capital goods for producing quality goods and services and enhancing India's manufacturing competitiveness. EPCG Scheme facilitates import of capital goods for producing quality goods and services at zero customs duty.

Import under EPCG Scheme shall be subject to a specific export obligation equivalent to 6 times of duties, taxes and cess saved on capital goods, to be fulfilled in 6 years reckoned from date of issue of authorization.

EPCG license holder is exempted from payment of whole of Basic Customs Duty, Additional Customs Duty and Special Additional Duty In lieu of Value Added Tax/local taxes (non-GST goods), Integrated Goods and Services Tax and Compensation Cess, wherever applicable, subject to certain conditions.

**2. Benefits of Duty Drawback scheme under Section 74 and 75 of the Customs Act, 1962**

Section 74 of the Act grants duty drawback up to 98% of the import duty paid on goods, if the goods are re-exported by the importer. The importer is entitled to drawback subject to the fulfilment of the certain conditions. Presently the rate of Duty Drawback ranges from 0% to 95%.

As per section 75, Central Government is empowered to allow duty drawback on export of goods, where the imported materials are used in the manufacture of such goods. Unlike drawback of a portion of the customs duty paid on imported goods, here the main principle is that the Government fixes a rate per unit of final article to be exported out of the country as the amount of drawback payable on such goods.

**3. Benefits under the Central Goods and Services Act, 2017, respective State Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017 (read with relevant Rules prescribed thereunder)**

Under the GST regime, all supplies of goods and services which qualify as export of goods or services are zero-rated, that is, these transactions attract a GST rate of zero per cent.

There are two mechanism for claiming refund of accumulated ITC against export. Either person can export under Bond/ Letter of Undertaking (LUT) as zero-rated supply and claim refund of accumulated Input Tax

Credit or person may export on payment of integrated Goods and Services Tax and claim refund thereof as per the provisions of Section 54 of Central Goods and Services Tax Act, 2017.

Thus, the GST law allows the flexibility to the exporter (which will include the supplier making supplies to SEZ) to claim refund upfront as integrated tax (by making supplies on payment of tax using ITC) or export without payment of tax by executing a Bond/LUT and claim refund of related ITC of taxes paid on inputs and input services used in making zero rated supplies.

### **Possible special benefits for shareholders of Sona BLW Precision Forgings Limited**

Shareholders of the Company are not eligible to special tax benefits under the provisions of the the Central Goods and Services Act 2017 (read with Central Goods and Services Tax Rules, circulars, notifications), respective State Goods and Services Tax Act, 2017 (read with respective State Goods and Services Tax Rules, circulars, notifications), Integrated Goods and Services Tax Act, 2017 (read with Integrated Goods and Services Tax Rules, circulars, notifications), The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20), Customs Act, 1962 (read with Custom Rules, circulars, notifications), Customs Tariff Act, 1975 (read with Custom Tariff Rules, circulars, notifications).

### **Possible special tax benefits for Comstar Automotive Technologies Private Limited (material subsidiary of Sona BLW Precision Forgings Limited)**

#### **1. Remission of Duties and Taxes on Exported Products (RoDTEP)**

The Remission of Duties and Taxes on Exported Products (RoDTEP) scheme was announced by Government of India (GOI) on 14 September 2019 to boost exports by allowing reimbursement of taxes and duties, which are not exempted or refunded under any other scheme in accordance with World Trade Organization (WTO) norms.

RoDTEP is a combination of the current Merchandise Export from India Scheme (MEIS) and Rebate of State and Central Taxes and Levies (RoSCTL) and will replace all these schemes once come in operations. At present, embedded duties and taxes, which are not refunded under any other scheme, range from 1-3%. Under the scheme, rebate of these taxes will be given in the form of duty credit/electronic scrip.

RoDTEP scheme was initially proposed to be notified from April 2020. However, GOI decided to continue to allow the benefits under MEIS up to 31 December 2020, until the same is merged with RoDTEP scheme. The scheme has been now notified from 1 January 2021. However, the applicable rates of this benefit are yet to be notified. Further, the incentives under the said scheme may be available subject to eligibility conditions which would be prescribed vide press release, advisories, notifications etc. in due course of time.

#### **2. Exemption and benefits available under Export Oriented Unit scheme**

Exemption of all goods as specified in the Annexure – I to Notification 52/2003 – Customs, when imported or procured from a Public Warehouse or a Private Warehouse appointed or licensed, under section 57 or section 58 of the said Customs Act or from international exhibition held in India for the purpose of manufacture of articles for export or for being used in connection with the production or packaging or job work for export of goods or services by Export Oriented Undertaking or Unit;

Exemption from additional duties of Customs, if any, under section 3(1), section 3(3) and section 3(5) of the Customs Tariff Act, 1975;

Exemption from the levy of Goods and Services Tax under Central Goods and Services Act 2017 (read with Central Goods and Services Tax Rules, circulars, notifications), respective State Goods and Services Tax Act, 2017 (read with respective State Goods and Services Tax Rules, circulars, notifications), Integrated Goods and Services Tax Act, 2017 (read with Integrated Goods and Services Tax Rules, circulars, notifications) on physical export of notified goods and/or services or supplies goods and/or services to Special Economic Zone developer or unit.

**3. Benefits under the Central Goods and Services Act, 2017, respective State Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017 (read with relevant Rules prescribed thereunder)**

Under the GST regime, all supplies of goods and services which qualify as export of goods or services are zero-rated, that is, these transactions attract a GST rate of zero per cent.

On account of zero rating of supplies, the supplier will be entitled to claim input tax credit in respect of goods or services used for such supplies and can seek refund of accumulated/ unutilized Input Tax Credit (ITC).

There are two mechanism for claiming refund of accumulated ITC against export. Either person can export under Bond/ Letter of Undertaking (LUT) as zero-rated supply and claim refund of accumulated Input Tax Credit or person may export on payment of integrated Goods and Services Tax and claim refund thereof as per the provisions of Section 54 of Central Goods and Services Tax Act, 2017.

Thus, the GST law allows the flexibility to the exporter (which will include the supplier making supplies to SEZ) to claim refund upfront as integrated tax (by making supplies on payment of tax using ITC) or export without payment of tax by executing a Bond/LUT and claim refund of related ITC of taxes paid on inputs and input services used in making zero rated supplies.

**Possible special tax benefits for Comstar Automotive USA, LLC (material subsidiary of Sona BLW Precision Forgings Limited)**

There are no special tax benefits available to Material Subsidiary situated in USA.

**Notes:**

1. These special tax benefits are dependent on the Company or its material subsidiaries fulfilling the conditions prescribed under the relevant provisions of the Indirect Tax Regulations. Hence, the ability of the Company or its shareholders or its material subsidiary to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholder or its material subsidiaries may or may not choose to fulfil.
2. The existing Foreign Trade Policy (FTP) 2015-20 that provides export-linked incentives, which was valid up to 31 March 2021 has been extended up to 30 September 2021.
3. The special tax benefits discussed in the Statement are not exhaustive and is only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for a professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications.
4. The Statement has been prepared on the basis that the shares of the Company are listed on a recognized stock exchange in India and the Company will be issuing equity shares.
5. The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:
  - i. The Company or its material subsidiaries will continue to obtain these benefits in future;
  - ii. The conditions prescribed for availing the benefits have been/ would be met with; and
  - iii. The revenue authorities / courts will concur with the view expressed herein.
6. The above views are basis the provisions of law, their interpretation and applicability as on date, which may be subject to change from time to time.
7. We have relied on the certification from the US Registered CPA on the special indirect tax benefits available to the Company's material subsidiary in USA.

**For and on behalf of IPO Committee of the Board of Directors**

(Authorized Signatory)

Place: Gurgaon

Date: 21.05.2021

## SECTION IV: ABOUT OUR COMPANY

### INDUSTRY OVERVIEW

*The information in this section is derived from the report titled “Assessment of Indian market potential for specific precision forged and electrical components” dated January 2021 (the “**CRISIL Report**”), prepared by CRISIL Research, a division of CRISIL Limited (“**CRISIL**”) and report titled “Global and Indian Automotive Market Overview” dated February 15, 2021 prepared by Ricardo (“**Ricardo Report**” and together with the CRISIL Report, “**Industry Reports**”). We commissioned the Industry Reports, which are paid reports, for the purpose of confirming our understanding of the industry exclusively in connection with the Offer for an agreed fees. Neither we, nor any of the Book Running Lead Managers, nor any other person connected with the Offer has verified the information in the Industry Reports. Further, the Industry Reports were prepared based on publicly available information, data and statistics as of specific dates and may no longer be current or reflect current trends. The Industry Reports may also be based on sources that base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. CRISIL has advised that, while it has taken due care and caution in preparing the CRISIL Report based on the information obtained by CRISIL from sources which it considers reliable (“**Data**”), it does not guarantee the accuracy, adequacy or completeness of the Data/CRISIL Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / CRISIL Report. Further, the CRISIL Report is not a recommendation to invest or disinvest in any entity covered in the CRISIL Report and no part of the CRISIL Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers, users, transmitters or distributors of the CRISIL Report. Without limiting the generality of the foregoing, nothing in the CRISIL Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Our Company will be responsible for ensuring compliances and consequences of non-compliances for use of the CRISIL Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL’s Ratings Division or CRISIL Risk and Infrastructure Solutions Ltd. (“**CRIS**”), which may, in their regular operations, obtain information of a confidential nature. The views expressed in the CRISIL Report are that of CRISIL Research and not of CRISIL’s Ratings Division or CRIS. No part of the CRISIL Report may be published/reproduced in any form without CRISIL’s prior written approval.*

*Ricardo has advised that, the Ricardo Report was commissioned by the Company on terms specifically limiting Ricardo’s liability. Ricardo’s conclusions are the results of the exercise of their best professional judgment based upon Ricardo internal analysis and relevant market analysis. The Ricardo Report may be shared by the Company with the Book Running Lead Managers and legal counsel in relation to the Offer. Any use which a third party, other than the Book Running Lead Managers, makes of the Ricardo Report, or any reliance on it, or decisions to be made based on it, are the responsibility of such third party. Ricardo UK Limited accepts no duty of care or liability of any kind whatsoever to any such third party, and no responsibility for damages, if any, suffered by any third party as a result of decisions made, or not made, or actions taken, or not taken, based on the Ricardo Report. Further, in preparing the Ricardo Report, Ricardo may have relied on data, information or statements supplied to them by third parties or available on public sources on or prior to the Ricardo Report’s date (the “**Public Data**”), in which case, Ricardo has not independently verified the Public Data unless expressly stated in the Ricardo Report, and such Public Data has been sourced from third parties that Ricardo considers reliable. The Public Data is assumed to be accurate, complete, reliable and current as of the date of such information and no responsibility for any error or omission in the Ricardo Report arising from errors or omissions in such Public Data is accepted. No representation or warranty, express or implied, is or will be made in relation to the accuracy or completeness of the Public Data and no responsibility or liability is or will be accepted by Ricardo in relation to the Public Data. Any forecasts presented in the Ricardo Report were prepared using Public Data and the Ricardo Report is dependent on it. Some of the assumptions used to develop any forecasts may not be realized and unanticipated events and circumstances may occur. Consequently, Ricardo does not warrant the conclusions contained in the Ricardo Report as there may be material differences between forecasts and actual results. While Ricardo has taken due care and caution in preparing the Ricardo Report, it shall not be responsible for any errors or omissions in or for the results obtained from the use of or the decisions made based on, the Ricardo Report.*

### MACROECONOMIC OVERVIEW OF THE GLOBAL ECONOMY

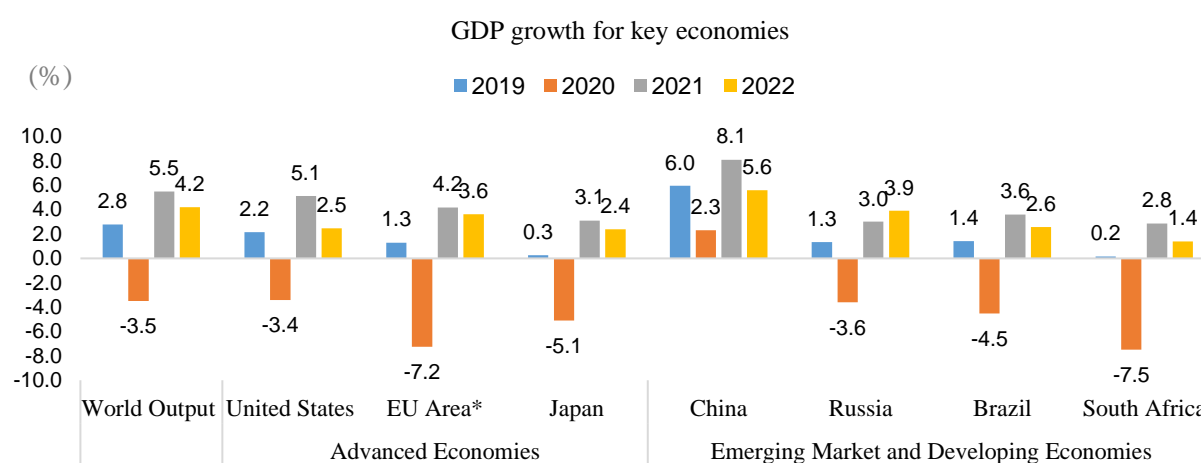
The global economy is seeing gradual signs of recovery, but the resurgence of COVID-19 cases in some countries has prompted authorities to re-impose lockdowns to contain its spread. However, multiple vaccine approvals in December, commencement of vaccination in some countries and better than expected data on economic activity

from various parts of the world has resulted in IMF raising its estimates of world economic growth yet again in the recent January 2021 update of the World Economic Outlook.

The IMF raised its forecast slightly following better-than-expected Gross Domestic Product (GDP) data from countries such as Australia, Euro area, India, Japan, Korea, New Zealand, Turkey, and United States in the third quarter. The global economic growth estimated by the IMF for calendar year 2020 was -3.5%, while that for calendar year 2021 is better at 5.5% and 4.2% in calendar year 2022. The IMF expects the vaccination and containment efforts to strengthen recovery in contact intensive sectors further improving economic activity momentum however, progress is expected to be staggered, as some countries, especially developed countries, get vaccination programs off the ground faster and see earlier recoveries compared to developing countries.

Finally, additional policy measures announced at the end of 2020—notably in the United States and Japan—are expected to provide further support in 2021–22 to the global economy. These developments indicate a stronger starting point for the 2021 to 2022 global outlook than envisaged in the previous forecast.

### IMF estimates of GDP growth for key economies



Note: \*EU Area includes Germany, France, Italy, Spain  
Source: IMF, CRISIL Research

## MACROECONOMIC OVERVIEW OF THE INDIAN ECONOMY

### Impact of COVID-19 pandemic on the global and Indian economies

Fiscal 2020 was volatile for the global economy. The first three quarters were ensnared by trade protectionist policies and disputes among major trading partners, volatile commodity and energy prices, and economic uncertainty arising from the Brexit. Hopes for broad-based recovery in the fourth quarter were dashed by the COVID-19 pandemic, which has infected more than 74.9 million people in more than 200 countries (as of December 17, 2020) and counting, leading to considerable human suffering and economic disruption.

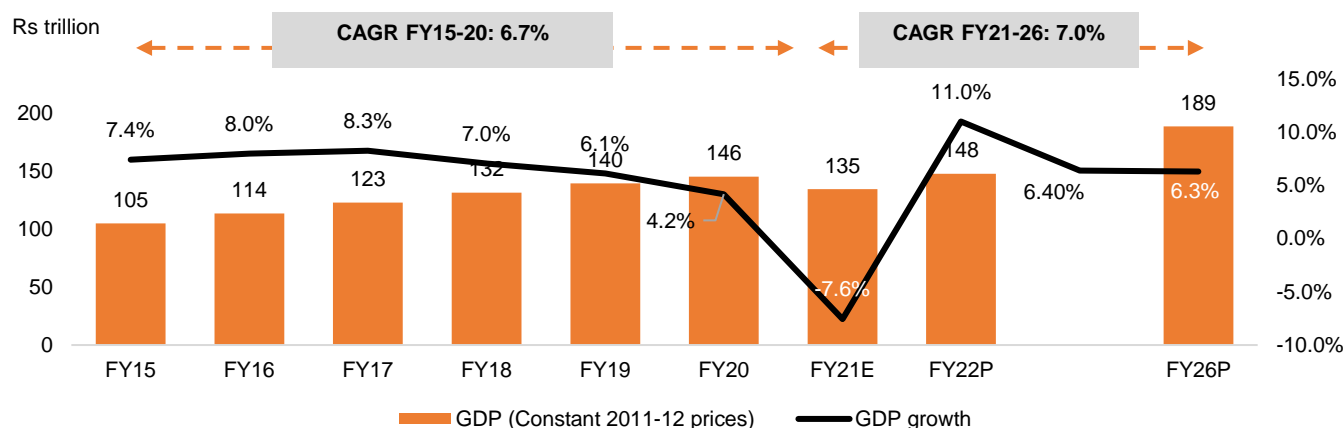
Growing restrictions on the movement of people and lockdowns in the affected countries led to demand, supply and liquidity shocks. While the lockdowns in India have been gradually lifted and economic activity seems to be reviving globally, a second wave of cases is emerging especially in Europe.

CRISIL estimates that the Indian economy will shrink 7.7% in Fiscal 2021 because of the pandemic. After sluggish growth in first half of Fiscal 2021, due to the rising number of COVID-19 cases, GDP growth could move into a positive territory towards the end of Fiscal 2021, with economic activity picking up gradually. Over the coming months, manufacturing is expected to revive faster compared with services. CRISIL expects agricultural GDP to grow 2.5% on-year in Fiscal 2021, given the normal and a largely well-distributed monsoon, and a healthy sowing and ground-water situation. While agriculture does not have the heft to offset the sharp contraction in the non-agricultural sector (accounting for 85% of GDP), it punches more than its weight in GDP – its share in employment remains the highest at 44% and is a critical supplier of much-needed nutrition during the pandemic. Despite some support from the rural economy, consumption is expected to sink in Fiscal 2021. Consumption of some services, especially contact-based ones such as travel, sports and entertainment, will remain muted. The pandemic has come



at the most inopportune time since India was showing signs of recovery following a slew of fiscal/monetary measures. Having said that, CRISIL foresees growth rebounding to 11% in Fiscal 2022, on the back of a very weak base and some benefit from a ‘rising global tide lifting all boats’ effect.

### GDP growth outlook for India



Note: E - Estimated and P - Projected

Source: National Statistics Office (NSO), International Monetary Fund (IMF) and CRISIL Research estimates

### Macroeconomic outlook for Fiscal 2021

The economy saw a faster-than-expected revival in economic activity as lockdown measures were eased starting from June 1. Several high frequency indicators starting with IIP, PMI manufacturing followed by e-way bill generation and GST collection started showing strong and sustained recovery. Even the auto sales showed sharp recovery led by passenger vehicles. Passenger vehicles sales showed greater rebound supported by pent up demand, festive season and gradual resumption in work from office. All these factors led to better economic performance in comparison to economic growth anticipated for Fiscal 2021 during the initial months of the pandemic.

### GDP to bounce back over the medium term

This growth will be supported by the following factors:

- Over the medium term, growth is expected to lean more on technology and efficiency parameters.
- Reforms undertaken over the past few years, such as:
  - The production linked incentive scheme (“PLI scheme”), which aims to incentivize local manufacturing by giving volume-linked incentives to manufacturers in specified sectors.
  - Key structural reforms, such as the implementation of Goods and Services Tax (GST) and Insolvency and Bankruptcy Code (IBC), will begin to show their impact over the longer term.
- Reform measures aimed at enhancing financial inclusion will broaden the base of the banking ecosystem, leading to higher lending and investment.
- A raft of reform measures by the government, along with a more expansionary stance of monetary policy, leading to a steady pick-up in consumption demand.
- Policies aimed towards greater formalization of the economy are bound to lead to an acceleration in per-capita income growth.

According to Ricardo, COVID-19 had impacted global trade and supply chain at unprecedented speed and scale. COVID-19 has exposed key issues within the global supply chain that was built on lean manufacturing principles

and reliance on China. There is now an increasing need for de-risking supply chains and geographic diversification is one of the main lessons from the COVID-19 crisis.

Increasing labor costs and trade regulations, supply chain issues during COVID-19 has accelerated OEMs efforts to diversify their supply chains outside China. Ricardo expects countries with lower operational costs such as Vietnam, Thailand, India and Mexico to be the key beneficiaries.

### ***PLI scheme to boost manufacturing in the long run***

The government has budgeted approximately Rs. 2 trillion to give incentives to the local manufacturing units to 13 key sectors. The key sectors likely to get benefit from the scheme include automobiles, pharma, telecom, electronics, food, textiles, steel and energy.

Broad Sector	Segment	Budgeted (Rs. Billion)*	
Automobiles	Advance Chemistry Cell (ACC) Battery	181.00	751.42
	Automobiles & auto components	570.42	
Electronics	Mobile manufacturing and specified electronic components	409.51	521.89
	Electronic/technology products	50.00	
	White goods (ACs & LED)	62.38	
Pharma and medical equipment	Critical key starting materials/drug intermediaries and active pharmaceutical ingredients	69.40	253.60
	Manufacturing of medical devices.	34.20	
	Pharmaceuticals drugs	150.00	
Telecom	Telecom & networking products	121.95	121.95
Food	Food products	109.00	109.00
Textile	Textile products: MMF segment and technical textiles	106.83	106.83
Steel	Speciality steel	63.22	63.22
Energy	High efficiency solar PV modules	45.00	45.00
<b>Total</b>			<b>1,972.91</b>

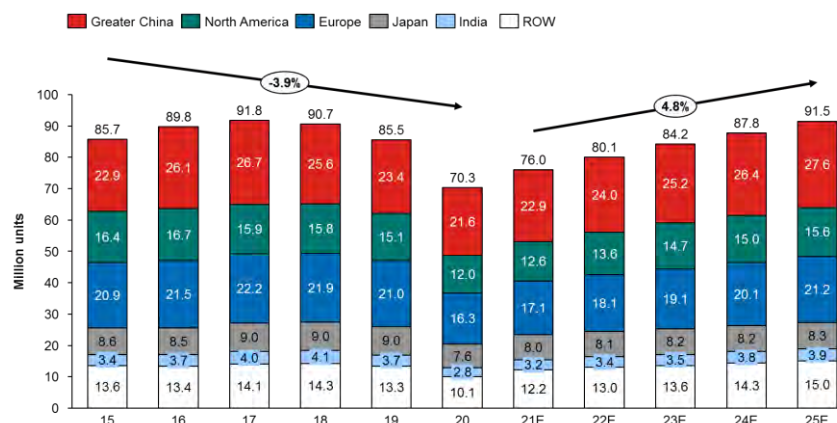
*\*Approved financial outlay over a five-year period*

*Source: Government websites; CRISIL Research*

Under the PLI scheme for automotive sector, the government has planned four sub schemes, namely, Global sourcing scheme, Vehicle Champion Scheme, Component Champion Scheme, and Production-Linked Incentive Scheme. Further the government has laid out a stringent eligibility criteria in terms of minimum turnover, export revenue and investments in fixed asset in order to ensure that implementation of scheme offers desired results. Auto OEMs need to showcase minimum turnover of Rs. 100 billion, minimum exports of Rs. 10 billion and minimum investment in fixed asset of Rs. 35 billion in order to be eligible for this scheme. Whereas auto component manufacturers need to showcase minimum turnover of Rs. 10 billion, minimum exports of Rs. 2 billion and minimum investment in fixed asset of Rs. 3.5 billion.

## GLOBAL LIGHT VEHICLE MARKET

### Global Light Vehicle Production



Source: OICA – International Organisation of Motor Vehicle Manufacturers, Ricardo Analysis

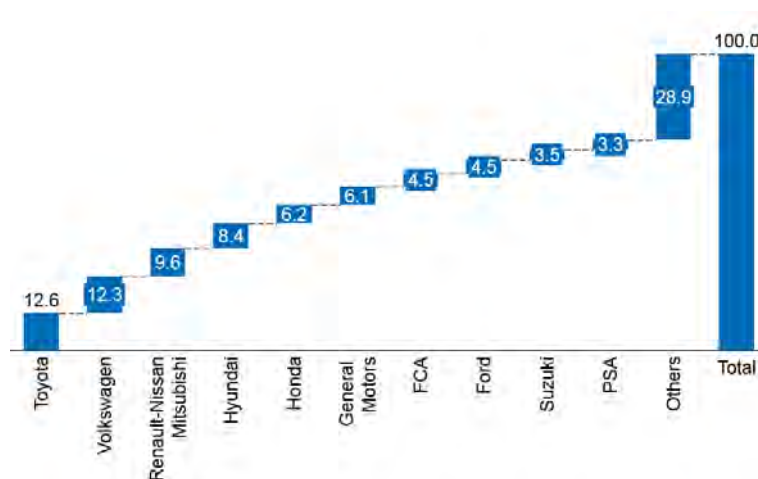
Global Light Vehicle (Passenger Vehicles GVW <=3.5T) production has remained flat between 2015-19. However, vehicle production declined by approximately 18% in calendar year 2020 due to COVID-19.

Given USA and most parts of Europe are still severely impacted by COVID-19, Ricardo does not expect a V-shaped recovery for the passenger vehicle market, but a more gradual recovery coming out of COVID-19. Calendar year 2021 growth will primarily be driven by the Chinese market. Growth in Japan will continue to be stable, while India is expected to reach its previous peak only beyond calendar year 2025.

Ricardo expects overall global volumes to reach approximately 92 million in calendar year 2025 with China, Europe and North America accounting for approximately 70% of the global production volumes.

According to the IEA Global EV Outlook 2020<sup>1</sup>, passenger vehicles to lead electrification adoption (by volumes), followed by light commercial vehicle, busses and trucks through to 2030.

### OEM Market Share – 2020 (based on production volumes)



Source: Ricardo Analysis, Public domain, Company presentations

The 10 OEMs represented in the above graph account for approximately 71% of the total production in calendar year 2020.

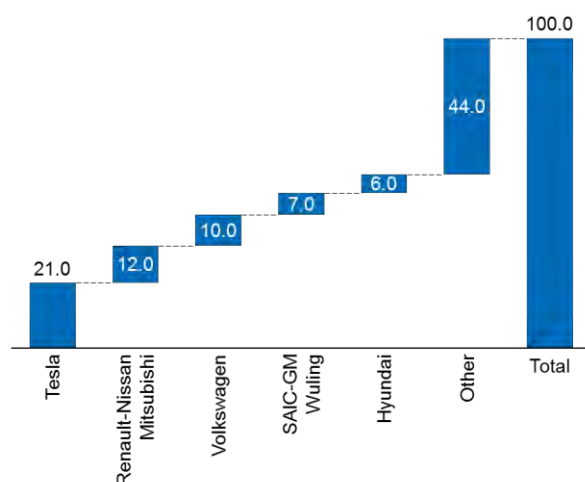
<sup>1</sup> <https://www.iea.org/reports/global-ev-outlook-2020>

As of calendar year 2020, Toyota leads the light vehicle market with 12.6% share followed closely by VW at 12.3% and Renault Nissan Mitsubishi alliance at 9.6%. Over the years, Toyota and VW have been battling to be the number one OEM in passenger vehicle production. Post-merger of FCA and PSA, Stellantis is now among the top five global OEMs in terms of production volumes displacing Honda and General Motors. Geely with a share of 2.6% is the only Chinese brand with significant share.

Sona Comstar supplies components to six of the top 10 global PV OEMs mentioned in the above graph. For three of the above OEMs, Sona Comstar acts as a tier-1 supplier while for 3 of them they are a tier-2 supplier.

## ELECTRIC VEHICLE IN GLOBAL MARKET SHARE

### Passenger Vehicle – Electric Vehicle Market Share



Source: Ricardo Analysis, Public domain

In calendar year 2020, global production of BEVs (Battery Electric Vehicle) stood at approximately 2.3 million units. Tesla accounted for approximately 21% of the share while Renault Nissan & VW accounted for approximately 12% and approximately 10% respectively. SAIC-GM-Wuling & Hyundai rounded off the top five BEV producers globally for calendar year 2020. The top five BEV models produced in calendar year 2020 were Tesla Model 3 & Y, Renault Zoe, Hyundai KONA & Hongguang Mini. VWs ID.3 and Nissan leaf were among the top 10 BEVs produced in calendar year 2020. For the next five years, automakers have announced plans to release more than 200 new electric car models.

Many OEMs have announced plans to for significant investment in electrification and introduction of several BEV models in the next three to five years. VW plans to be a carbon neutral company by 2050. VW plans to reduce their total life cycle Greenhouse Gas Emissions of passenger cars and light duty vehicles by 30% compared to 2015. VW plans to have at least approximately 30% of their portfolio to be BEVs in 2030. In 2020, VW sold approximately 230,000 units of BEV across the globe. GM has committed \$27B to EVs & AVs till 2025. GM plans to launch more than 30 BEVs till 2025 with more than half being available in North America and targeting 100% EVs by 2035. Hyundai plans to increase green car line-up from 31 models in 2020 to 44 models in 2025. Hyundai aims to be the second largest OEM in green car market. Between Hyundai and Kia they plan to invest approximately \$50 billion into electrification and new advanced technologies. Renault and Dacia brands plan to launch six new vehicles and two face lifts in 2021-22 across BEV, PHEVs & HEV technologies. Nissan plans to introduce more than 8 BEVs by 2023. Nissan intends to have 60% of its portfolio in Japan to be BEVs, 23% in China and 50% in Europe by 2023. Nissan plans to have more than 1 million BEV sales by 2023. Ford has indicated that it will invest \$11.5 billion through 2022 mainly oriented towards BEVs. Ford has outlined an electric vehicle strategy that encompasses mild hybrid, self-charging hybrid, plug-in hybrid (PHEV) and battery electric (BEV) solutions across its cars and light commercial vehicles. Ford plans to offer their LCV Transit as a BEV in 2021.

To support electrification of the portfolio, FCA is investing over \$11 billion in the design, development and production of electrified vehicles. PSA aims to have all its models electrified by 2025 – with an electrified variant available for every model range. At present, it offers ten electrified models (four fully electric vehicles and six

plug-in hybrids). Finally, JLR plans to electrify 12 of 13 nameplates in FY21. Majority of the models to be either plug-in hybrids or Mild hybrids.

### ***Key Drivers of Vehicle Electrification***

**Climate Change and Public Awareness:** While deterioration in air quality across the planet is evident, it is also badly affecting the public health and economies. Emissions from transportation sector is one of the key reasons for climate change as they account for approximately 14% of annual emissions including non-CO<sub>2</sub> gases and approximately 25% of CO<sub>2</sub> emissions from fossil fuels.

To counter the climate change, 196 countries have come together to establish Paris agreement to reduce greenhouse gas emissions including from the transportation sector.

- India has committed to reduce its greenhouse gas emissions by 33-35%<sup>2</sup> by 2030 compared to 2005 levels.
- European Union has committed to reduce greenhouse gas emissions by at least 55%<sup>3</sup> by 2030 compared to 1990.
- China, which is the world's biggest source of CO<sub>2</sub> with approximately 28% of global emissions, aims to reach CO<sub>2</sub> emissions peak before 2030 and achieve carbon neutrality before 2060.

**Ban on fossil fuel vehicles by countries:** To battle the air pollution and climate change, multiple countries have come up with an aggressive plan to ban sales of vehicles that run on engines.

- 2030 targets for India indicate that 70% of all commercial passenger vehicles, 30% of private passenger vehicles, 40% of buses, 80% of two-wheeler and 80% of three-wheeler sales would be electric.
- In Europe, Norway is leading the way with an aggressive plan of phasing out sale of ICE passenger vehicles by 2025. The UK is expected to ban sales of Gasoline and Diesel Passenger Vehicles by 2030.
- Recent executive order from California Government mandate that all new passenger vehicles and passenger trucks sold in the state be zero emissions vehicles by 2035.
- Recently, China has also announced that by 2035, all the new passenger vehicles being sold in the country to be alternate fuel vehicles such as EVs/hybrids.

**Government Support and Fiscal Incentives:** To motivate consumers and support manufacturers, multiple Governments across the world have introduced fiscal incentives. Some of the incentives include tax exemptions for Hybrids and EVs, deductions in purchase price, exemptions from road tax, toll, parking etc. Besides demand incentives, numerous supply side incentives are being introduced to help develop EV eco-system. For example, India has introduced incentives for Li-ion battery makers.

- European nations are at the forefront of providing incentives. Germany provides subsidies as much as €9,000 on purchase of EVs while France provides as much as €7,000.
- The federal government of the US offers up to \$7,500 in tax credits to consumers purchasing electric plug-in vehicles.
- China has extended the EV incentive program till 2023, which was supposed to end in 2020. Incentives include exemption from purchase tax, demand incentive that is calculated based battery energy density, energy consumption etc.
- India has established FAME II scheme with a budget of Rs. 100 billion for a period of three years, which is being used for demand incentives (86%) and creation of charging infrastructure. Besides the scheme, tax benefits have been announced to encourage EV purchases.

**Emission Regulations:** Several countries have been introducing stringent emission norms to battle climate change and encourage alternate cleaner fuels. Complying to these standards include significant investment while electrified vehicles continue to proliferate. Examples include:

- Europe conforms to Euro 6 standards, which has implemented RDE (Real Driving Emissions) and stricter conformance factors. Future legislation may venture beyond the tailpipe.

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<sup>2</sup> <https://www.carbonbrief.org/the-carbon-brief-profile-india>

<sup>3</sup> <https://www.france24.com/en/europe/20201211-eu-leaders-agree-to-reduce-greenhouse-gas-emissions-after-all-night-talks>

- Currently, China emissions legislation GB 6a is equivalent to Euro 6 and exceeds them with implementation of GB 6b in 2023.
- India switched to Bharat Stage VI (equivalent to Euro 6) standards in April 2020.

**Fuel Economy/CO<sub>2</sub> Norms:** Besides emission norms, fuel economy and CO<sub>2</sub> norms are also being implemented to encounter climate change. Financial penalties might be applicable if the standards are not being met. Like emission norms, manufacturers require significant investments on development of technology while electrified vehicle continue to proliferate.

- Fuel consumption standards have been established for passenger vehicle segment in India in 2017 with a manufacturer vehicle fleet target of 130 g/km CO<sub>2</sub> and will be reduced to 113 g/km CO<sub>2</sub> in 2023.
- Currently, China's CAFC/CO<sub>2</sub> regulations are in phase 4, which requires the manufacturers to meet a fleet average of 5.0 L/100km for new vehicles and phase 5, which was published at the end of 2019 targets 4.6 L/100 km by 2025.
- Europe had established a CO<sub>2</sub> fleet average targets of 130 g/km in 2012 for passenger vehicle segment and it has become stringent in 2020 with a target of 95 gm/km; they are expected to become more severe from 2025 with a goal of -15% from 2021 levels.

In the last five years several countries have announced stringent fuel economy regulations leading up to 2025. For example, Europe needs to see an approximately 37% improvement between 2018-25 while China would require approximately 46% improvement between 2018 to 2025. The US on the other hand must improve by only 20% between 2018 to 2025.

**Investments on Charging Infrastructure:** Availability of charging infrastructure is a potential issue for uptake of EVs and efforts are being made to boost charging infrastructure

- France has allocated €1.3 billion to fund incentives that include grants and subsidies such as tax credit up to €300 and a grant of up to 50% of the purchasing and installation costs of charging infrastructure for individuals
- UK is providing a grant of up to 75% to private individuals for purchase and installation of a charging station
- The Indian Government has announced de-licensing of charging station provided the stations meet standards of the power ministry. Rs. 10 billion has been allocated under FAME II scheme to support installations of charging infrastructure.

**Decline in Battery price:** High acquisition cost is one of the prime challenges in the adoption of EVs and battery is a major contributor (approximately 40%) to the cost of an EV. As the technology evolves and economies of scale achieved, the cost of battery is expected to drop enabling BEV prices to decline to the level of ICE vehicles. The battery prices were at approximately \$1,000/kWh in 2010 and in the last decade, prices have dropped to \$120-\$200/kWh depending on scale, location and type of cell and cell chemistry. The prices are expected to further drop in the next five years allowing BEVs to have price parity with ICE vehicles.

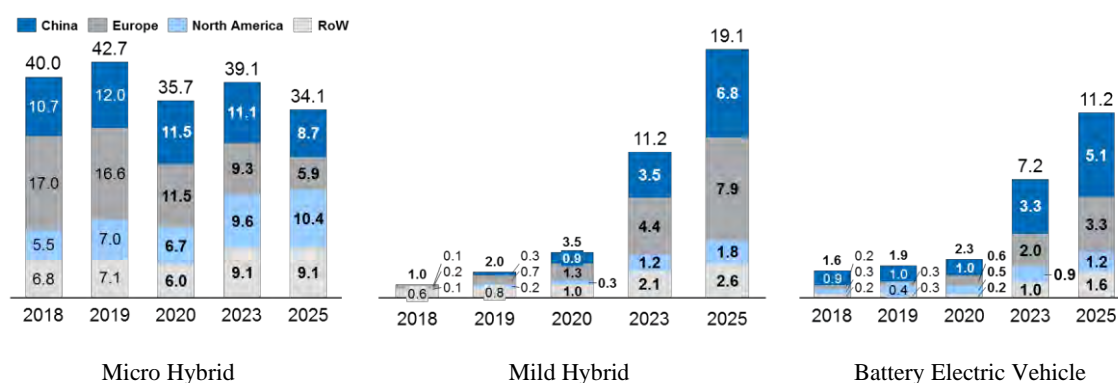
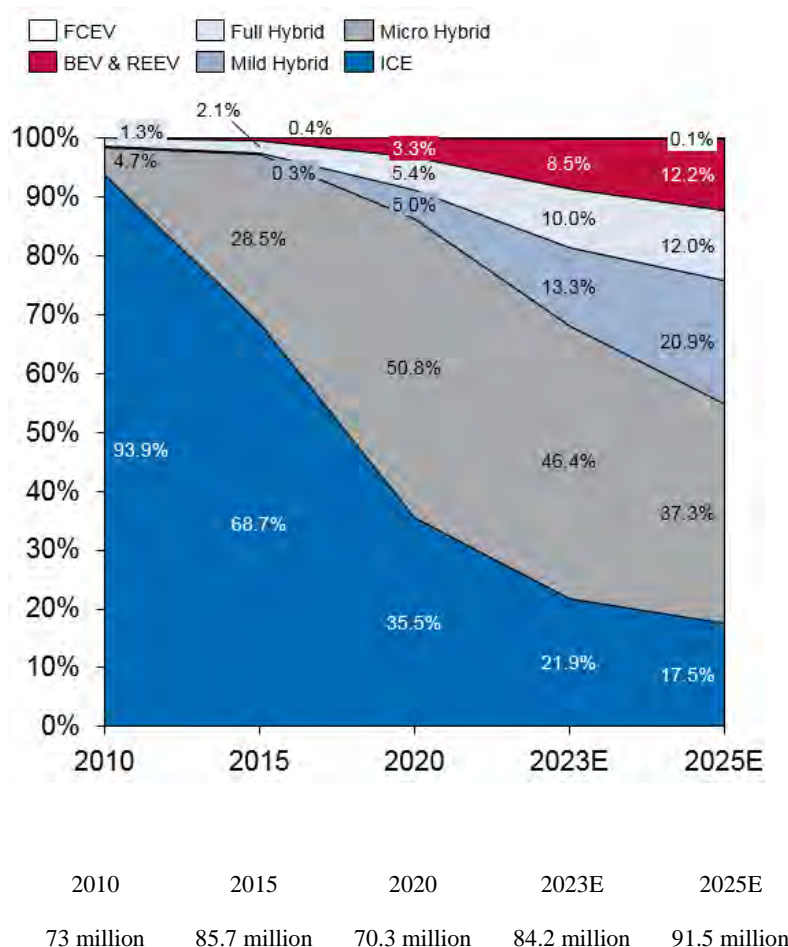
**Total Cost of Ownership:** Total cost of ownership is a function of capital cost (includes interest payment on vehicle financed), fuel cost & maintenance cost.

Currently, the capital cost of a BEV is much higher compared to an ICE vehicle as battery prices are still very high. For example, the capital cost for a compact BEV sedan is approximately 90% higher compared to ICE compact sedan while mid-sized BEV SUVs are approximately 30% higher compared to mid-sized ICE SUVs. As battery prices decline over the next three to five years, Ricardo expects capital cost for a BEV to attain parity with the ICE vehicle.

With regards to fuel cost, there is a significant fuel cost savings between an ICE and BEV. For example, a BEV compact sedan offers approximately 60% fuel cost saving compared to an ICE compact sedan (same platform) over a five-year period. Similarly, a BEV compact SUV offers an approximately 60% fuel cost savings compared to a BEV compact SUV (Diesel) and approximately 70% savings compared to a BEV compact SUV (Gasoline) over a five-year period. Finally, a BEV mid-sized SUV offers approximately 80% fuel cost savings compared to an equivalent mid-sized SUV Diesel or Petrol version.

TCO for BEVs will be favourable vis-à-vis. ICE vehicles when capital costs for BEVs attain parity with ICE vehicles.

### Global Propulsion Split – Passenger Vehicles Production Volumes



Source: Ricardo Analysis, Public domain

Driven by stringent emission and fuel economy (CAFE) regulations across the globe, pure ICE vehicles will no longer be a viable propulsion choice for passenger vehicles. Hence, pure ICE will continue to decline leading up to calendar year 2025. Ricardo expects the share of pure ICE vehicles in calendar year 2025 to be approximately 18% of the total global production.



Depending of the severity of CAFE norms across the regions, OEMs have a choice of micro (12v start-stop), mild/full hybrids, BEVs (Battery Electric Vehicles) and FCEVs (Fuel Cell Electric Vehicles) to meet corporate average fuel economy.

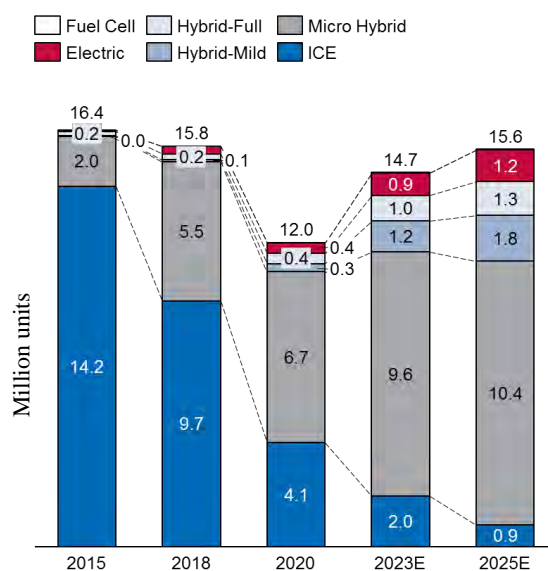
Ricardo expects that Micro hybrid (12v Start-Stop) to be a standard offering across passenger vehicles and hence will account for significant share (approximately 38%) of the propulsion split in calendar year 2025. China and Europe will see a decline in Micro Hybrids in 2025 as the technology will not offer enough benefit to meet stricter FE. Currently, the US expected to increase in volume terms as this technology is enough to meet US FE regulations; however, the scenario may change with new administration.

Mild and Full hybrids account for approximately 32% of the propulsion split in calendar year 2025 with mild hybrids being the dominant technology. Mild hybrids offer the quickest route to electrification with limited complexity (compared to full hybrid) and substantial fuel economy benefit. approximately 80% of Mild Hybrid volumes in calendar year 2025 will be in Europe and China. P0 Mild Hybrid technology is expected to account for approximately 70% of the mild hybrid volumes. VW, PSA, Renault Nissan are expected to account for significant P0 volumes in Europe. Geely, FAW, Changan, GWM in China are key players implementing P0 technology.

As fuel economy norms get more stringent over time and countries introduce legislation to ban fossil fuel vehicles, the proportion of BEVs will increase over time. In calendar year 2025 Ricardo expects BEVs to account for approximately 12% (approximately 11 million units) of the global production. Ricardo expects FCEV to have limited volumes in calendar year 2025. approximately 75% of BEV volumes are expected to be in China and Europe. In the US, Tesla, GM & Ford are expected to drive BEV volumes. The current China battery capacity is approximately 350GWh and expected to reach 800GWh in 2030.

Among the available propulsion technologies BEV has been the fastest growing at CAGR of approximately 46% between calendar years 2015 to 2020. BEV are expected to see an increased penetration growing at approximately 36% CAGR between calendar years 2020 to 2025.

#### North America – Passenger Vehicle Propulsion Split



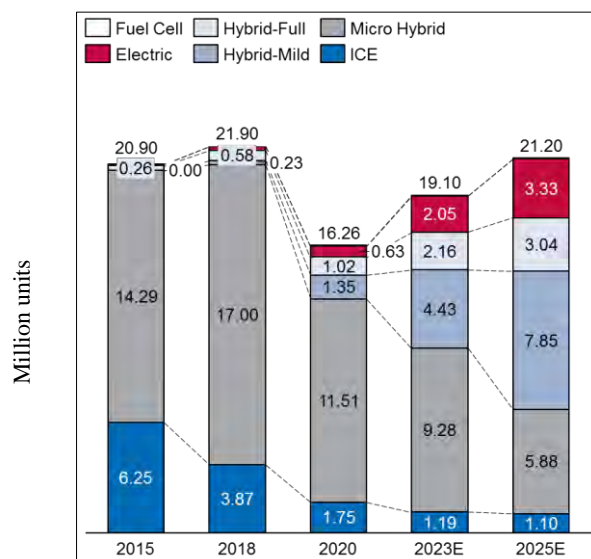
Source: Ricardo Analysis, Public domain

Given that the US accounts for approximately 65% of vehicles produced in North America, propulsion splits in North America are primarily dictated by the US market. Between 2015 to 2020 micro-hybrid (12v start-stop) technology has become a standard offering across the passenger vehicle segment in North America. Driven by regulation, OEMs must improve fuel economy by approximately 20% between 2018 to 2025. Given the fuel economy targets are less stringent, OEMs can potentially achieve this target by mainly implementing micro-hybrid (12v start-stop) technology across segments. Hence, in calendar year 2025, Ricardo expects North America to have a significant share (approximately 65%) of micro-hybrid (12v start-stop) vehicles.



BEV (Battery electric vehicles) will account for approximately 8% of total vehicles production in calendar year 2025 primarily dominated by Tesla, General Motors & Ford. However, as the Biden administration takes charge it is expected that fuel economy regulations could be revisited and revised to make them more stringent. This would potentially drive increased penetration of mild hybrids/full hybrids and BEVs (battery electric vehicles).

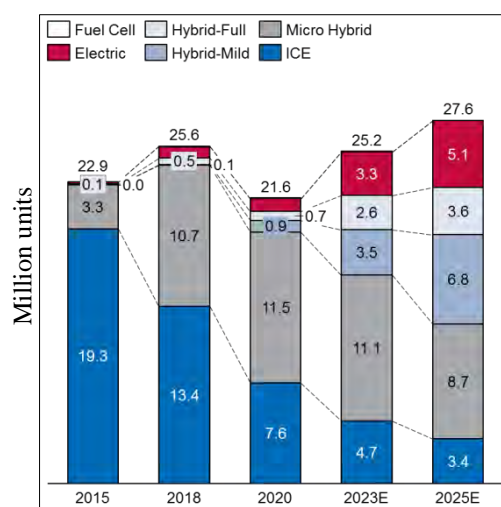
### Europe – Passenger Vehicle Propulsion Split



Source: Ricardo Analysis, Public domain

Between calendar years 2015 to 2020 micro-hybrid (12v start-stop) technology has become a standard offering across the passenger vehicle segment in Europe. Driven by regulation, OEMs must improve fuel economy by approximately 37% between calendar years 2018 to 25. Given the fuel economy targets are quite stringent, OEMs can no longer meet targets using micro-hybrid (12v start-stop) technology and hence its share decreases from 77% in calendar year 2018 to 28% in calendar year 2025. OEMs must focus on higher degree of electrification to meet the fuel economy targets which results in mild hybrids growing from approximately 3% in 2018 to 37% in 2025. Given current trends in battery prices, BEVs (Battery Electric Vehicle) currently lend themselves only to certain segments and is expected to further grow and attain approximately 16% market share in calendar year 2025.

### China – Passenger Vehicle Propulsion Split

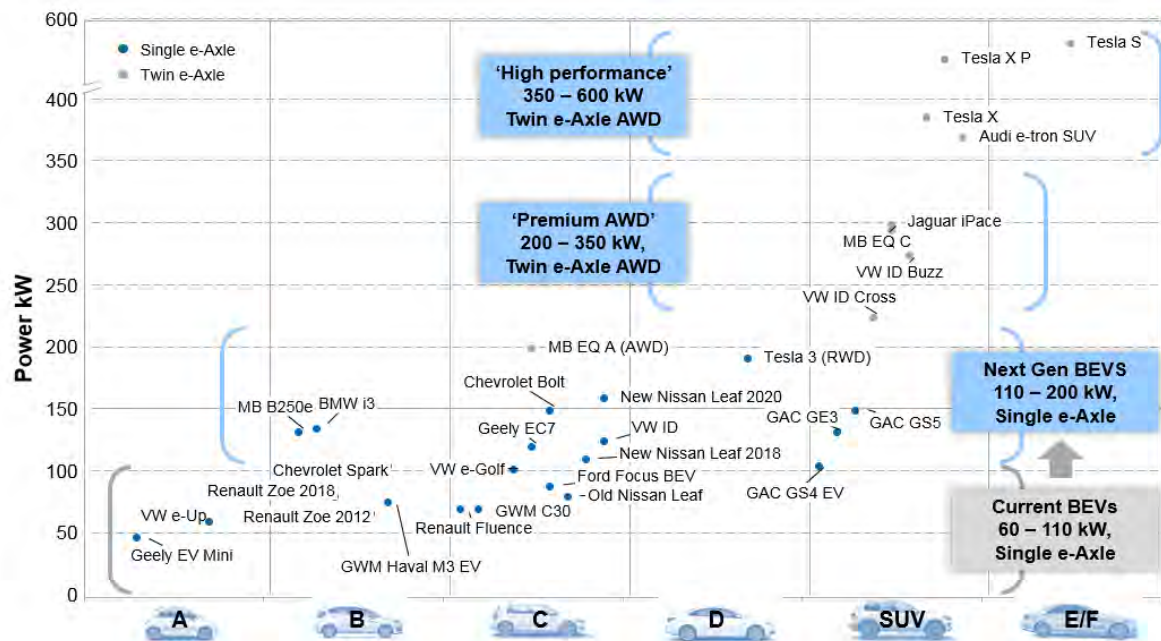


Source: Ricardo Analysis, Public domain

Between calendar years 2015 to 2020 micro-hybrid (12v start-stop) technology has become a standard offering across the passenger vehicle segment in China. Driven by regulation, OEMs must improve fuel economy by approximately 46% between calendar years 2018 to 2025. Given the fuel economy targets are quite stringent, OEMs can no longer meet targets using micro-hybrid (12v start-stop) technology and hence its share decreases from 41% in calendar year 2018 to 31% in calendar year 2025.

As absolute fuel economy targets are approximately 9% less than Europe for calendar year 2025, the degree of electrification will be more towards mild hybridization rather than BEVs. Proportion of BEVs is also dictated by NEV credit regime in the China market and China's ambition to lead the global automotive electrification. Ricardo expects the share of mild hybrids to grow from an insignificant share to approximately 25% in calendar year 2025. BEV will account for approximately 19% in calendar year 2025.

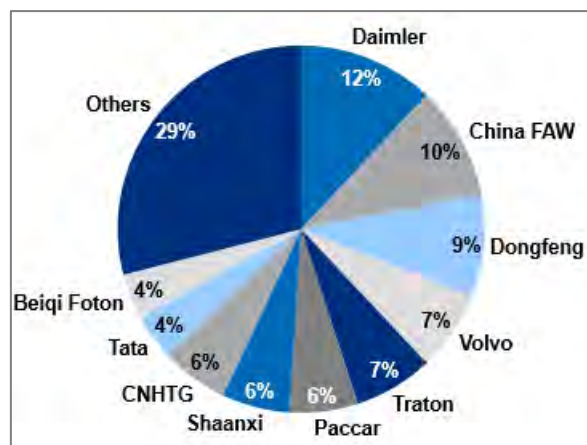
### Passenger Electric Vehicle – Drive Type



Source: Ricardo Analysis

In EVs, majority of the products are presently single axle and in the 60-110kW power range. The power range is expected to shift to 110-200kW for the next generation of EVs with the premium and high-performance segment coming in twin e-Axle variants.

### Global Commercial Vehicle (>6T GVW) market share

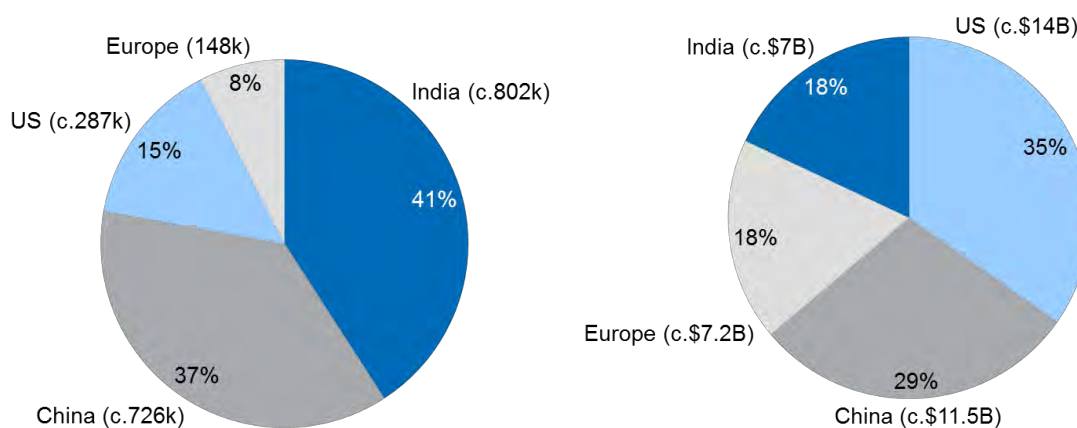


Source: 2019 Market Share, Automotive World Report, Ricardo Analysis

Commercial vehicles with GVW of >6T had a market size of approximately 3.2 million units in 2019. The market is fragmented with 10 players holding approximately 70% markets share. However, Daimler led with approximately 12% market share followed by the Chinese players, FAW and Dongfeng. Asia was the biggest CV market with sales of approximately 1.8 million units in 2019. Europe sold approximately 456,000 units across the >6T segment. NAFTA market sales (the US, Canada & Mexico) accounted for approximately 623,000 units in 2019 while rest of the world accounted for approximately 350,000 units. Off the approximately 3.2 million units sold in 2019, approximately 2.4 million units were in the >16T segment. The >16T segment is a HD segment with includes commercial vehicles with multi-axle. Globally HD multi-axle vehicles have a bigger share of the CV sales pie and this trend is expected to continue for the foreseeable future. In 2020, the European CV market (>6T) declined by approximately 28% YOY to approximately 328,000 units. The NAFTA CV market (>6T) declined by approximately 30% YOY to approximately 436,000 units. Sona Comstar supplier components to three of the top 10 global commercial vehicle OEMs.

## Global Agriculture Tractor market

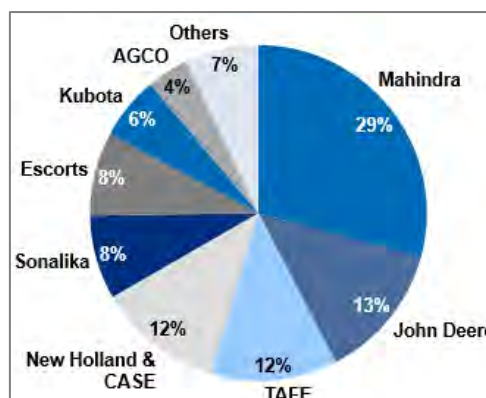
### Global Tractor Market



Source: Ricardo Analysis, Public domain information

In terms of units, India dominates the global tractor market with approximately 802,000 while US leads in terms of value with approximately \$14 billion. In India and the US more than 95% of the tractors sold are 2WD. 4WD is currently niche volumes and used for specialty applications. In Europe majority of the tractors sold are 4WD. While the trends in the US and Europe with respect to 2WD and 4WD tractors are not expected to change, Ricardo expects the penetration of 4WD tractors to increase in India going forward.

### Global Tractor Market Share (based on volumes across US, Europe and China)



Source: Ricardo Analysis, Public domain information

Top-8 OEMs account for approximately 93% of the global markets. Mahindra leads the global (China, the US, Germany, UK, France and Italy) tractor market with approximately 29% followed by John Deere, TAFE with approximately 13% & approximately 12% respectively.

Sona Comstar supplies components to seven of the top eight Global Tractor OEMs shown in the chart above.

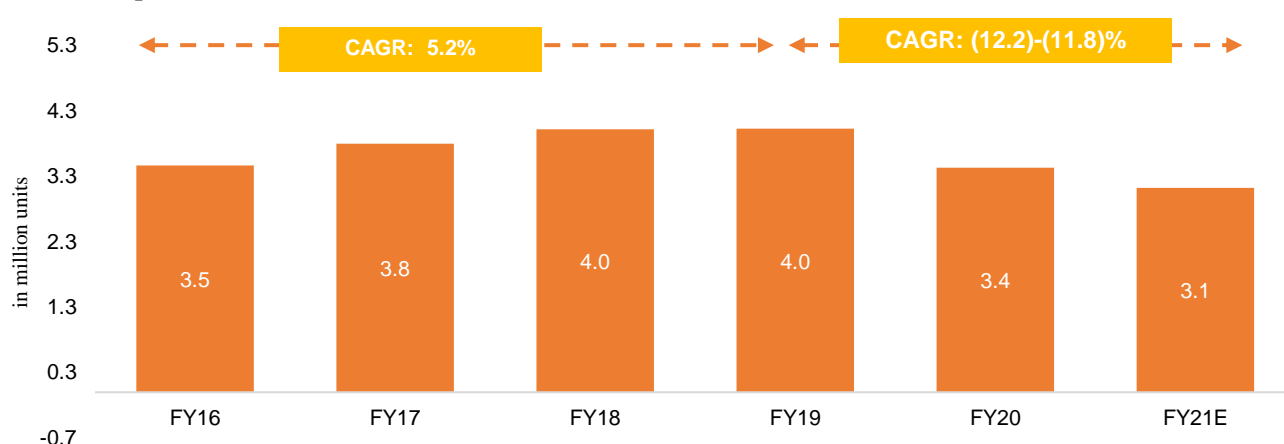
## INDIA AUTOMOTIVE MARKET

### Review Of The Indian Passenger Vehicle Industry (Fiscals 2016- 2021)

#### Historical production development (Fiscals 2016- 2021)

Production of passenger vehicles (PVs) in India recorded a healthy growth of 5.2% CAGR between Fiscals 2016 and 2019 due to a spurt in domestic and exports demand. Domestic demand was driven by expansion in the addressable market, development of infrastructure, and stable cost of vehicle ownership, as crude oil prices remained low except in the few months when output was reduced due to sanctions imposed on Iran.

#### Review of PV production



Note: E - Estimated

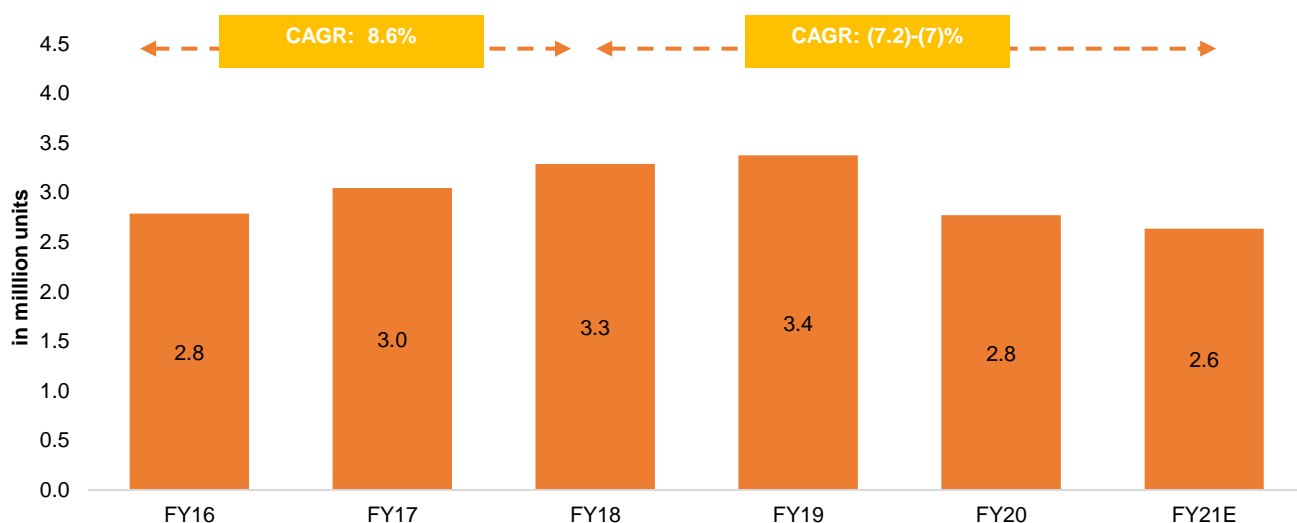
Source: SIAM- Society of Indian Automobile Manufacturers, CRISIL Research

Demonetization and implementation of the Goods and Services Tax (GST) resulted in the weakening of the economy. Further coupled with emission and safety norms introduced by the government of India resulted in very sluggish growth in the PV industry after Fiscal 2018. Production in Fiscal 2019 remained flat, with India producing 4.03 million PVs, of which 3.38 million vehicles were sold in the domestic market and 0.68 million were exported.

In Fiscal 2020, lower private consumption and inventory adjustment because of a change in emission norms from BS IV to BS VI, liquidity crisis, and the onset of COVID-19 resulted in a decline of 15% in production. Domestic sales fell 18%, whereas exports remained flat.

As COVID-19 spreads through close contact, the use of public transportation and shared mobility services expected to be impacted currently. This has given a boost to personal mobility. Despite real GDP likely to contract 7.5% in Fiscal 2021, PV production is expected to decline 3-5%—domestic sales is expected to decline 3-5% and exports 30-35%.

## Review of PV sales



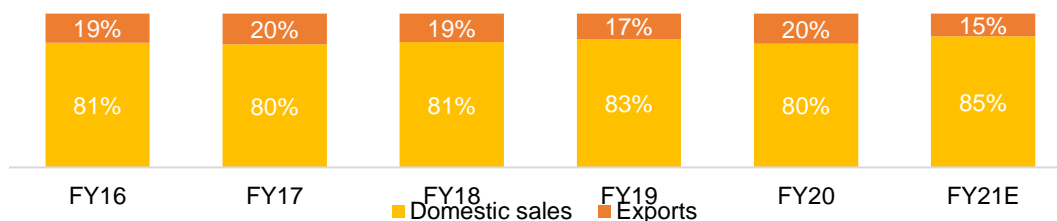
Note: E - Estimated

Source: SIAM- Society of Indian Automobile Manufacturers, CRISIL Research

## Split by domestic sales and exports

The Indian PV market is focused on the domestic market, with over 85% demand stemming from the domestic market in Fiscal 2021. The ratio of exports-to-production for the industry has been declining from 19% in Fiscal 2016 to 15% in Fiscal 2021. This can be attributed to muted exports due to a slowdown in the global automobile industry as well as major OEMs focusing on serving fast-growing domestic markets over foreign markets. In Fiscal 2020, this share had gone up to approximately 20% as OEMs enhance their focus on export markets. Stagnating domestic traction in the past three years has resulted in foreign automobile manufacturers such as Ford, General Motors (GM), and Volkswagen (VW) increasing their focus on exports, thereby improving utilization by using spare capacity and boosting revenue. These players are developing India as an export hub, as evidenced by the consistent increase in the proportion of exports to their total production.

## PV industry split by domestic sales and exports



Note: E - Estimated

Source: SIAM, CRISIL Research

The domestic PV industry grew 6.6% between Fiscals 2016 and 2019, led by strong growth in utility vehicles (UVs), which rose 14.9% versus cars, which grew 3.1% during the same period. Improving economic scenario, higher affordability, and new model launches drove demand during this period.

Domestic demand fell 18% year on year in Fiscal 2020 because of lower consumer sentiments due to slowing down of economy and inventory correction due to a change in emission norms. Moreover, acquisition costs increased due to implementation of safety norms such as mandatory anti-lock braking system (ABS), airbags, etc. and due to change in emission norms. Further, in Fiscal 2021, domestic sales is likely to decline 4-6%. The shift towards personal mobility to maintain social distancing has aided PV sales. The pandemic and subsequent lockdown has impacted supply chain; the issue still persists in the system.

PV exports from India remained flat at 1.2% CAGR between Fiscals 2016 and 2019, supported by UV exports, which grew at a CAGR of 10.5%, while car exports fell 1.2% during this period. In Fiscal 2021, exports are

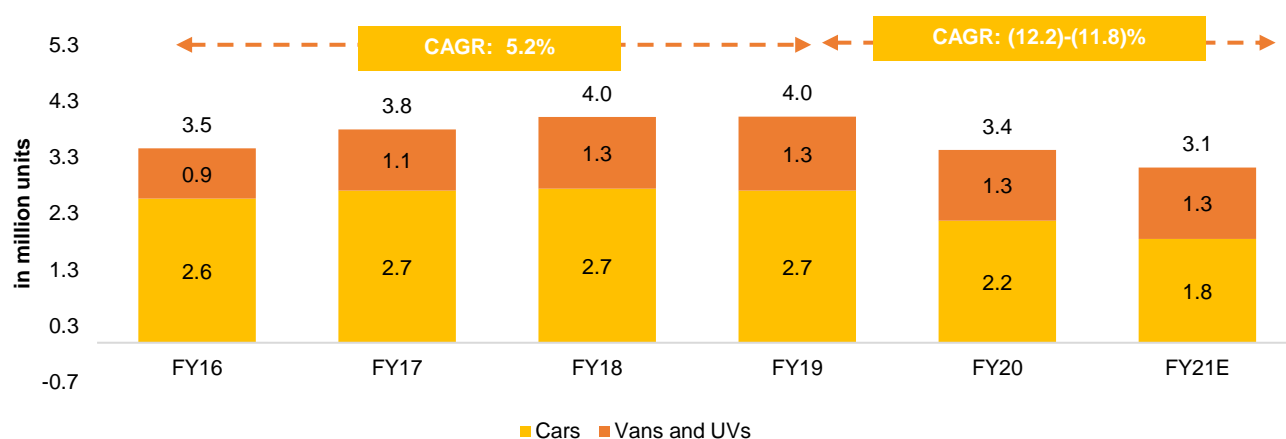
estimated to reduce 30-35% due to the pandemic, supply constraints, and higher focus of OEMs on the domestic market.

### Split of industry production volume by PV segments

Small cars have a major share in total PV domestic volumes, as their lower ticket size makes them affordable to the average Indian consumer and ideal for first-time car buyers. The UV segment, which traditionally appealed to customers who valued larger seating capacity and ability to drive on rough rural roads, witnessed a major shift in customer preference with the launch of compact UVs.

In Fiscal 2020, new model launches and entry of new players such as Korea's Kia Motors and China's MG Motors (part of SAIC) further increased the number of players and models and intensified competition.

### PV production by vehicle segments



Note: E – Estimated; Source: SIAM, CRISIL Research

### Historical growth drivers for the domestic PV sales

#### Macroeconomic scenario

Growth in real GDP has a direct bearing on the affordability of PV buyers. Between Fiscals 2016 and 2019, India recorded modest GDP growth. During this period, the PV industry recorded positive growth. In Fiscal 2020, as the economy weakened amid the pandemic, consumer sentiments remained subdued, impacting sales. However, the fear of contracting the virus has turned people towards personal mobility, aiding PV sales.

#### Finance availability

Given the industry's higher ticket sizes, finance penetration is higher in this industry compared with other automobile segments. CRISIL Research estimates finance penetration levels to reach 79% in Fiscal 2021 from 74% in Fiscal 2016.

Stringent credit norms and availability of credit information through the Credit Information Bureau (India) Ltd (CIBIL) have helped players widen their customer bases. The industry has witnessed strong competition with new players in the form of non-banking financial companies (NBFCs) targeting those markets that banks exited, and captive NBFCs (operated by two-wheeler manufacturers) largely focusing on non-metros.

#### Investments in infrastructure

Rural infrastructure has a pronounced impact on rural incomes and, in turn, on PV sales. Under the Pradhan Mantri Gram Sadak Yojana (PMGSY) launched in 2000, the government aims to build all-weather roads in rural India. The scheme involves the construction/upgrade of over 800,000 km of rural roads. Execution under the PMGSY reached an all-time high of 48,746 km in Fiscal 2018, which was marginally higher than Fiscal 2017 and considerably higher than earlier Fiscals. In Fiscal 2019, the scheme achieved 85-90% of its target.

The budgetary allocation to the PMGSY has been maintained at Rs. 190 billion in the past three budgets, including Fiscal 2020. The expenditure in Fiscal 2019 exceeded the allocated budget.



The favorable impact of improving rural infrastructure on demand works in two ways:

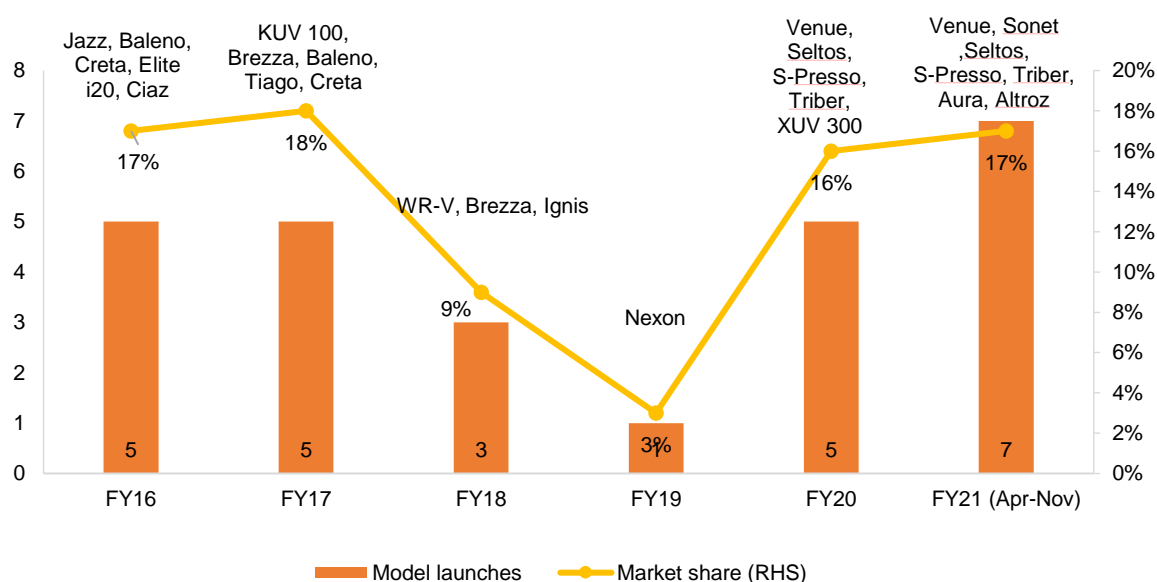
- Directly – By generating employment, wages, and as an income multiplier in the rural economy during the construction of roads
- Indirectly – By enabling mobility and accessibility through connectivity

### Model launches

Apart from rising sales of existing models, sales of new models have supported overall industry growth in the past few years. Majority of the models are in the UV segment leading to its growth.

New models launched in Fiscal 2019 contributed to a mere approximately 3% of domestic sales that Fiscal. However, they gained significant traction in Fiscal 2020, leading to approximately 16% market share. Though launches planned in the first half of Fiscal 2021 were deferred due to the pandemic, those within the small car segment, such as S-Presso, Altroz and Aura are expected to gain market share this Fiscal. Upcoming models such as Nissan Magnite, Renault HBC and Tata HBX are also expected to gain traction.

### Share of newly launched models in total passenger vehicle sales



*Note: A vehicle is considered a new launch for a year and a half past its launch. A new launch winning at least 1% share in fiscal year is considered a major launch*

*Source: SIAM, CRISIL Research*

### Historical growth drivers for Indian PV exports

While predominantly a small car exporter, India has emerged as a strong exporter of mid-size sedans and UVs with a growing acceptance of vehicles manufactured in India. The share of cars segment reduced from 82% in Fiscal 2016 to 65-70% in Fiscal 2021 as a percentage of overall exports. Consequently, the share of UVs increased from 18% to 30-35%.

Latin America occupies the highest proportion in PV exports from India, followed by Africa. Indian OEMs have diversified their exports by exploring newer geographies. New markets like Saudi Arabia, the UAE and South Africa have shown significant demand growth. The US, which had nil share until Fiscal 2018, garnered approximately 10% volume share as of Fiscal 2020, mainly driven by export of the Ford Ecosport. Exports to South Africa, Italy, the UAE, Saudi Arabia, Peru and Bolivia also witnessed growth in Fiscal 2020, with the launch of new models such as the Hyundai Venue, Maruti S-Presso, Renault Triber and Kia Seltos.

However, the pandemic has severely impacted exports across the globe in the current Fiscal. Also, a second wave, as seen in some countries, will continue to affect demand.

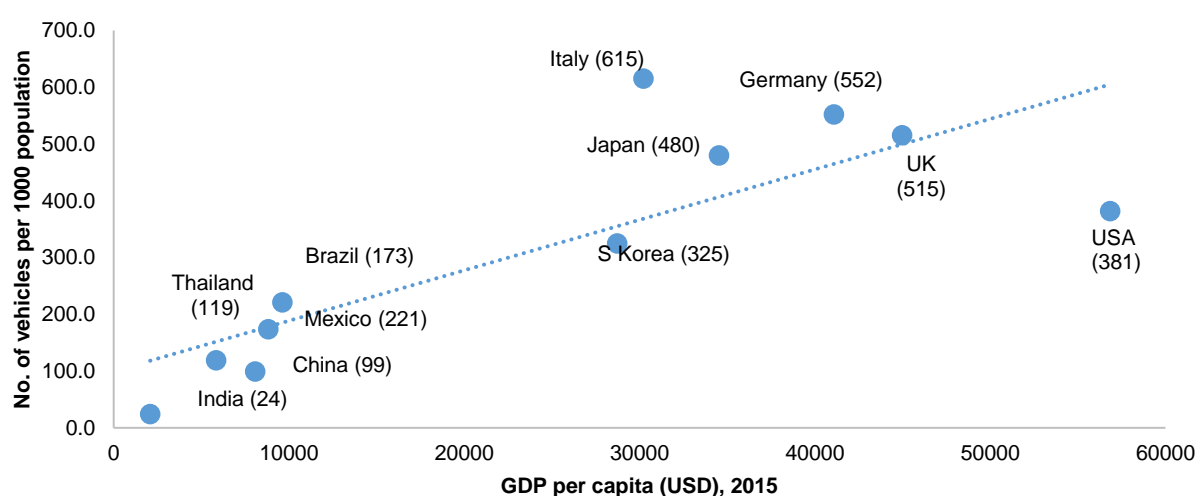
## Key trends and growth drivers

### Future growth drivers for the domestic market

- ***Underpenetrated market huge potential for cars & UVs***

India's car market is highly underpenetrated compared with most developed economies and some developing nations. As of Fiscal 2020, India had approximately 24 passenger vehicles per 1,000 people. This is significantly lower than both developed nations and even other nations in the BRIC block (Brazil, Russia, and China), based on per-capita GDP. Brazil, Russia and China has 173, 307 and 99 passenger vehicles per 1,000 people respectively in 2015. Thus, the country holds tremendous potential for automobile manufacturers. Also, comparing on the basis the penetration of cars and UVs with per-capita GDP across countries, India still lags behind most countries and, as such, CRISIL Research expects the gap to reduce gradually after a decline in Fiscal 2021.

### Country-wise passenger vehicle penetration



Note: Figures except India, are as of calendar year 2015, Dotted line indicates median; Figures in the bracket indicate passenger vehicles per 1,000 people

Source: OICA, World Bank, CRISIL Research

- ***Expected improvement in macroeconomic factors after subdued growth in Fiscal 2020 and a decline in Fiscal 2021***

- CRISIL Research expects India's GDP to grow approximately 6.3% on average, annually, between Fiscals 2022 and 2026, after an estimated de-growth of 7.7% in Fiscal 2021 due to the pandemic and lockdowns.
- GDP growth will continue to be consumption-led, assuming normal monsoons, softer interest rates and inflation, and implementation of Pay Commission hikes by states, which will push up purchasing power.

- ***Anticipated improvement in rural demand***

- Rise in finance penetration in the long term, as banks and NBFCs continue to focus on semi-rural and rural areas, will contribute to this.
- Rural infrastructure growth is expected to have a pronounced impact on rural incomes. Strong investments under infrastructure schemes will further boost rural infrastructure, with multiplier effects.

- ***Enhanced product offering***

- New models launched by manufacturers.
- Increase in offerings because of new entrants such as Kia Motors, MG Motors, etc.



- ***Cars on subscription***

- Cars have always been an aspirational purchase for Indian consumers. However, new startup business models based on ‘cars on subscription’ are gaining traction because of convenience, low upfront costs as well as involvement of young, dynamic population in the customer base, which prefers an asset-light lifestyle.
- In the case of fixed-cost subscription, the consumer pays a periodic sum of money for the use of a vehicle for the subscribed period. Subscriptions can be for any length of time and can be cancelled at any point of time. It also allows the customer to upgrade or change cars after the subscription period. Associated costs of the car, such as insurance, taxes, service and maintenance, repairs and roadside assistance, are borne by the subscription provider. This reduces the burden of down-payment for the consumer, along with the additional costs associated with car ownership.
- The subscription-based car ownership increases the affordability of consumers substantially.
- Subscribing for a vehicle entails a lower initial cost compared with buying a new car, which requires a hefty down-payment. Thus, it can have a positive impact on the industry and increase the penetration of cars in the country.
- However, considering the fact that most customers are first-time car buyers, the aspirational value of ownership can hinder the success of the subscription-based model.
- Currently, retail leasing is still in a nascent stage in India and, thus, remains to be monitored in the long term for impact on the industry.

- ***Future growth drivers for the exports market***

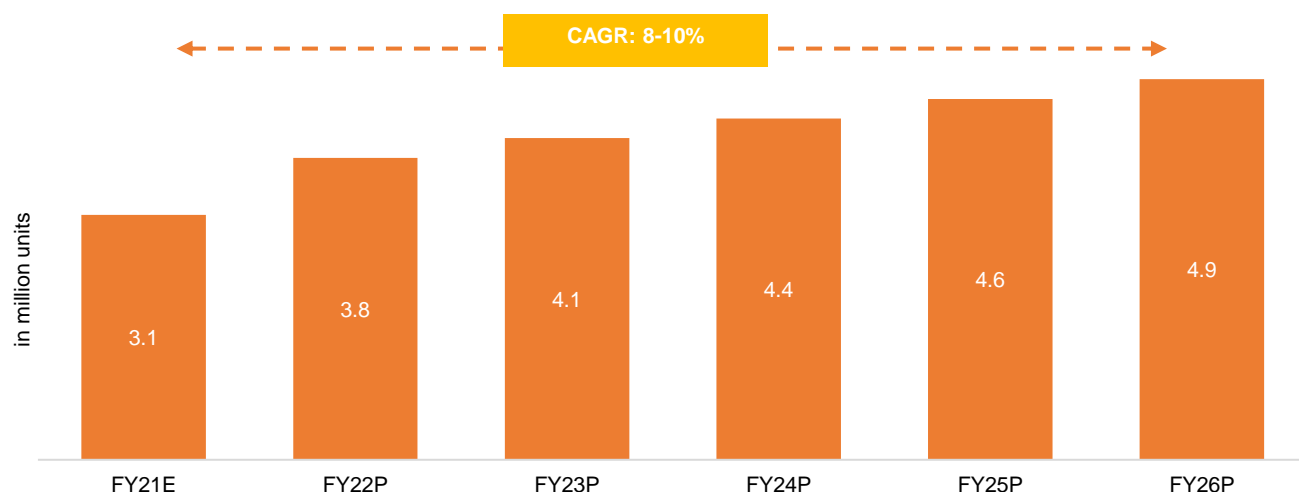
- Capacity expansion by top players.
- Stable crude oil prices to aid demand from African and Latin American geographies.
- Continued expansion undertaken by players into newer markets.
- Production-linked incentive (PLI) scheme, expected to provide further boost to the exports.

## **Outlook On The Indian PV Industry (Fiscals 2021-2026)**

### **Production outlook (Fiscals 2021- 2026)**

CRISIL Research estimates overall PV production to grow at a robust pace of 8% to 10% CAGR in the next five Fiscals and reach 4.9 million units by Fiscal 2026.

## PV production outlook



Note: E - Estimated; P - Projected

Source: SIAM, CRISIL Research

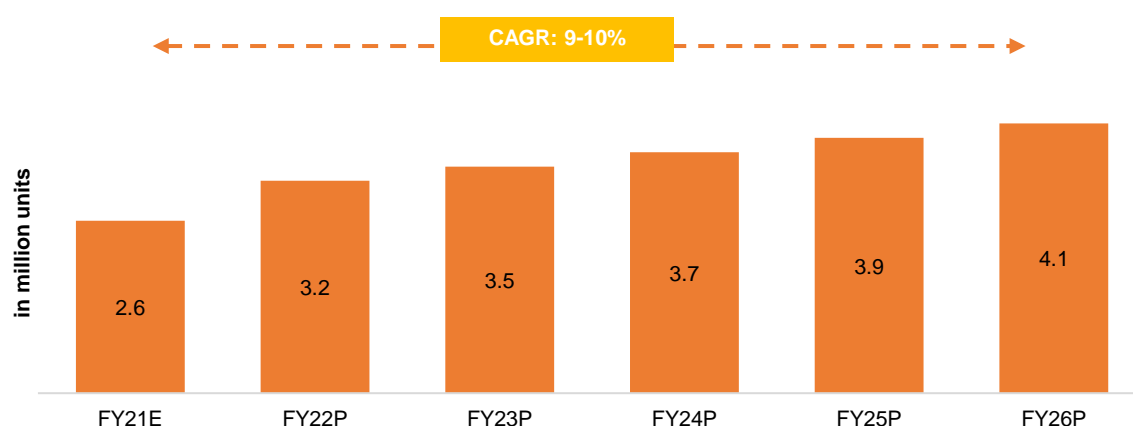
After a consecutive drop in production in Fiscals 2020 and 2021, PV production is expected to increase at a robust pace over the next five Fiscals because of a spurt in domestic as well as exports demand. Domestic demand will be driven by an expansion in the addressable market, fast-paced infrastructure development and relatively stable cost of vehicle ownership, as crude oil prices are expected to stabilize at lower levels.

The long-term outlook remains bright with regard to exports as efforts to penetrate newer geographies bear fruit and schemes such as PLI incentivize players to tap exports. CRISIL forecasts exports to clock 8% to 10% CAGR between Fiscals 2021 and 2026. Rising competition in Europe amid sluggish demand growth, though, will prevent further increase in growth. Moreover, penetration of electric and hybrid vehicles will be a key market to monitor.

## Domestic sales outlook (Fiscals 2016- 2021)

Domestic CV sales are expected to increase 9-10% CAGR over Fiscals 2021 and 2026. The growth is expected to be better (post- Fiscal 2021), as consecutive years of double-digit declines would lead to a very low base in Fiscal 2021. Healthy growth is expected after Fiscal 2021, due to moderate macroeconomic growth, increasing disposable income, relatively stable cost of vehicle ownership, and lower fuel prices. Other factors that would aid demand are increasing urbanization, government support to farm incomes, and improved availability of finance. However, increasing congestion in metro cities and rising popularity of shared mobility services are likely to restrict car sales in the long term.

## PV sales outlook



Note: E - Estimated; P - Projected

Source: SIAM, CRISIL Research

## Split by domestic and export sales

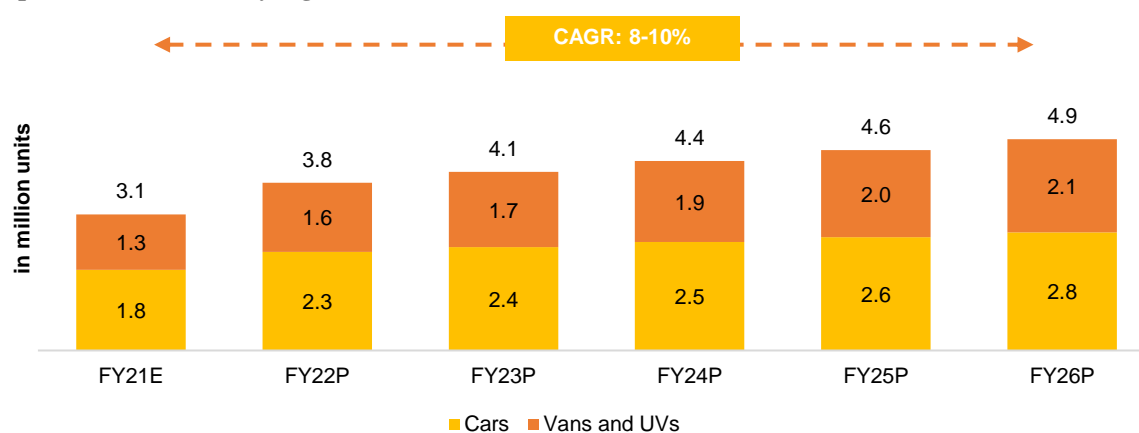
Domestic sales, which is estimated to form approximately 85% of total production in Fiscal 2021, is also estimated to grow at 8% to 10% between Fiscals 2021 and 2026. Exports are estimated to grow at a similar range.

## Segment-wise growth outlook

CRISIL Research projects production of cars to grow at 7% to 9% CAGR and that of UVs and vans, at 10% to 12%, between Fiscals 2021 and 2026. Growth will be driven by the improving macroeconomic situation, increasing disposable incomes and the relatively stable cost of vehicle ownership owing to steady fuel oil prices.

Other factors aiding demand will be: increased urbanization, Finance Commission payouts and easy availability of finance. With global automakers flooding India with new models to capitalize on the growth opportunity, buyers will be spoilt for choice. The proportion of replacement demand will rise as car owners opt for newer models due to higher affordability, competitively-priced launches, and easy availability of finance.

## PV production outlook by segment



Note: E - Estimated; P - Projected  
Source: SIAM, CRISIL Research

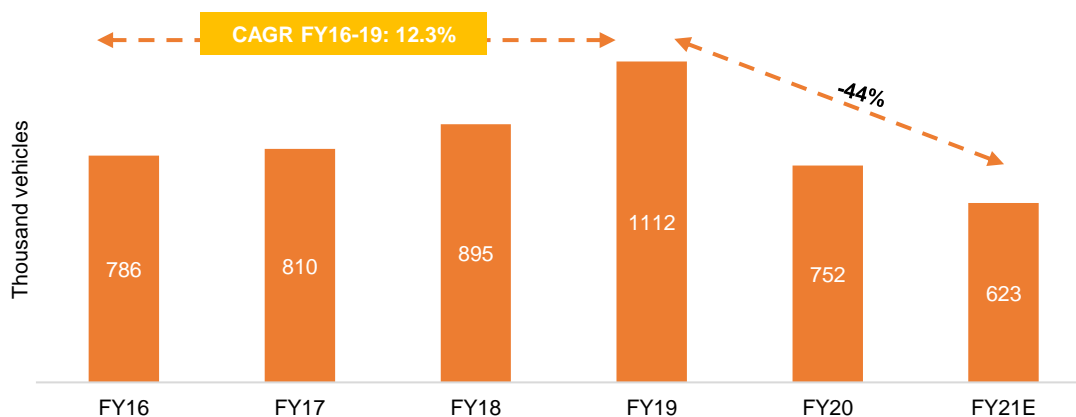
## Review And Outlook On The Indian Commercial Vehicle Industry

### Review of Indian commercial vehicle industry (Fiscals 2016-2021E)

#### Historic production development (Fiscals 2016-2021E)

Production of commercial vehicles (CV) in India registered a decline of 1.1% compound annual growth rate (CAGR) from Fiscals 2016-2020. Domestic sales posted marginal growth of CAGR 1.1%, whereas exports declined by CAGR 12.4% between Fiscals 2016 and 2020. In Fiscal 2021, production is expected to further decline by 17% over Fiscal 2020 as the COVID-19 pandemic and ensuing lockdown measures by the government posed severe demand as well as supply-side challenges for industry.

### Review of CV production



Note: E – Estimated, Domestic production is exclusive of Bharat Benz production volume, as the same is not reported by SIAM  
Source: Society of Indian Automobile Manufacturers (SIAM) and CRISIL Research

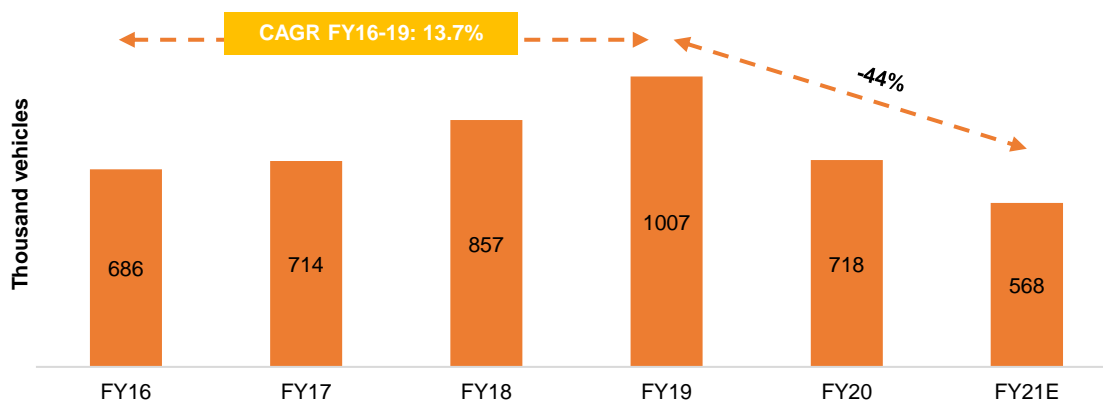
Over Fiscals 2016 to 2019, industry production, in fact, grew at CAGR 12%, driven by a pick-up in domestic rural industrial activity growth and the government focus on infrastructure investment post Fiscal 2015. A large portion of this production jump was led by robust demand for goods carriers which clocked a CAGR of 14.1%, whereas passenger carrier production declined by CAGR 1.7% over Fiscals 2016 and 2019.

The production drop in Fiscal 2020 was on account of inventory correction as the industry transitioned from BS IV to BS VI emission norms and a tepid demand for CVs due to a general slowdown in the economy and slower government infra spending post the general election. In addition, policy changes in Sri Lanka, one of the major industry export markets, proved to be a major blow to industry exports.

#### Historic domestic sales development (Fiscals 2016-2021E)

Between Fiscals 2016 and 2020, domestic CV sales logged 1.1% CAGR. In fact, over Fiscals 2016 to 2019, domestic sales clocked a CAGR of 14% on the back of robust 17% CAGR sales growth in light commercial vehicle (LCVs) and 14% in medium and heavy commercial vehicles (M&HCVs). Over Fiscals 2016 to 2019, goods vehicles sales clocked a CAGR of 16%, even as bus demand remained flat.

#### Review of CV domestic sales



Note: E – Estimated, Domestic sales are exclusive of Bharat Benz sales as the same are not reported by SIAM  
Source: SIAM and CRISIL Research

In Fiscal 2017, CV sales saw a 7% on-year rise over April-October. However, after demonetization (November 2016), a cash crunch in the economy negatively impacted industrial output and slowed sales growth. However, Fiscals 2018 and 2019 witnessed strong recovery and a healthy 17% to 20% growth, supported by the government's focus on road and housing infrastructure development. In Fiscal 2020, the industry witnessed a sharp de-growth on a high base due to inventory adjustment on account of the transition to BS-VI.

Normal monsoons from Fiscals 2017 to 2019, minimum support price (MSP) support from the government and a pick-up in rural construction activity supported demand from the rural side supporting growth for LCVs. Over

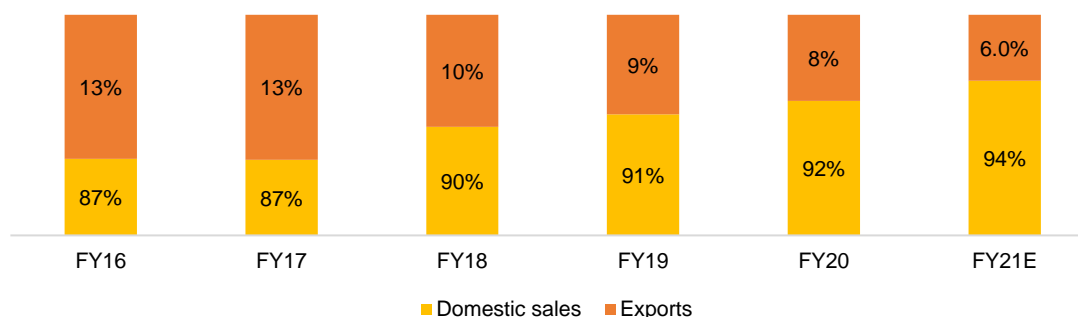
Fiscals 2016 to 2020, the rise of e-commerce was among the major factors for a pick-up in demand for LCVs and intermediate commercial vehicles (ICVs).

Over the last five years, the industry weathered major challenges on account of events like demonetization, NBFC crisis, implementation of axle load norms, changes to insurance norms and the transition to BS VI emission norms. A culmination of multiple factors like the NBFC crisis, the implementation of axle load norms, changes to insurance norms and the transition to BS VI emission norms, particularly post the second half Fiscal 2019, resulted in a dampening of demand for CVs.

Recently, the pandemic brought the entire economy to a grinding halt, affecting profitability and sustainability of transporters due to lack of availability of freight demand. The industry is, however, now witnessing a gradual pick-up in quarterly sales as consumption demand and industry activity have started gaining pace.

### Split by domestic sales and exports

#### CV industry split into domestic sales & exports



Note: E - Estimated

Source: SIAM and CRISIL Research

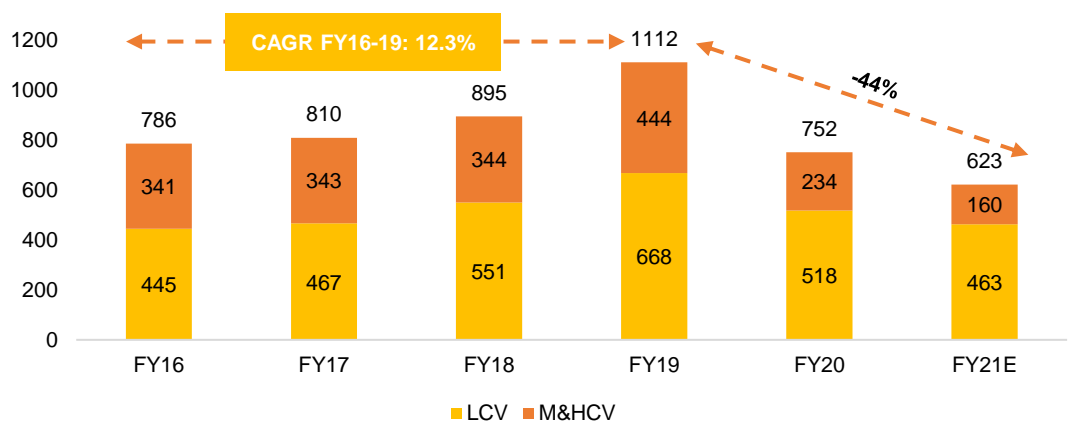
The Indian commercial vehicle market is primarily focused on the domestic market, with more than 90% demand from the domestic market in Fiscal 2020. Contribution of exports to production, however, declined sharply in Fiscal 2018 as demand from domestic market grew at a robust pace. Over Fiscals 2019 and 2020, the share of exports continued declined as domestic manufacturers faced challenges in neighboring Sri Lanka on account of restrictions on financing norms for automobiles and a hike in import duties. The Indian CV industry exports have been largely concentrated in neighboring countries like Sri Lanka, Nepal and Bangladesh. In Fiscal 2021, CV are exports are likely to be lower as domestic OEMs will focus on the domestic market amidst supply chain constraints for critical components.

### Split of industry production volume by CV segments

Overall CV production is projected to decline over Fiscals 2016 to 2021; MHCV production is expected to decline by CAGR of 17% and the LCV segment is expected show marginal growth over Fiscal 2016 production. However, if we look at Fiscals 2016 to 2019, industry production in fact grew at CAGR 12% due to a sharp 15% CAGR growth in LCV segment and 9% growth in M&HCV.

Faster growth in LCV production was on account of strong domestic demand, supported by higher replacement demand over Fiscals 2018 to 2020, improved rural sentiments and growing e-commerce penetration. Even during the pandemic, improved rural sentiment and a lesser impact of the pandemic on rural areas resulted in LCVs outperforming M&HCVs.

### CV production by vehicle segments



Note: E – Estimated, Domestic production is exclusive of Bharat Benz production volume, as the same is not reported by SIAM  
Source: SIAM and CRISIL Research

Over Fiscals 2016 to 2019, bus production declined by CAGR -5.8%, accentuated by a restriction on sales Sri Lanka. Even on the domestic front, bus sales declined by approximately -2% over Fiscals 2016 to 2019. Both LCV and MHCV buses saw a comparable decline.

Demand for buses in Fiscal 2020 was impacted due to safety regulations (emergency exit doors, fire detection and suppression, escape hatches and emergency lighting) that led to an increase in cost of ownership of approximately Rs. 50,000. This was after a price hike of approximately Rs. 15,000 due to mandatory installation of vehicle tracking system and panic buttons in January 2019.

After the price rise, demand for buses in Fiscal 2020 was also hit by weakening private consumption, hampering demand from tourist bus operators and inter-city travel operators. Weak corporate hiring and production cuts in manufacturing also impacted demand for corporate staff buses. However, schools and route permit buses have shown some resilience in Fiscal 2020. Demand from state transport undertakings (STU) ramped up in the second half of Fiscal 2020 as STUs look to replace much of their older fleet before the BS-VI price rise.

### Key trends and growth drivers

Source: Ministry of Agriculture, CRISIL Research

#### Fillip in industrial output

The Indian industry's GVA had been growing tepidly, averaging 5% between Fiscals 2015 and 2020. After a weak Fiscal 2021 due to the pandemic, CRISIL expects industrial GVA to bounce back rapidly in Fiscal 2022 and later stabilize at around 6.3% CAGR over Fiscals 2022 to 2026, driven by the government's focus on 'Make in India' and growth of consumption, particularly led by growth rural incomes. Moreover, improvement in infrastructure and higher expected corporate expenditure is likely to revitalize the capex cycle going forward, post Fiscal 2021.

CRISIL Research expects coal production to expand at approximately 6% CAGR between Fiscals 2019 and 2024, driven by rising demand for electricity and the onset of commercial mining, while iron ore mining will also likely grow at a healthy pace during this period, aiding tipper demand.

#### Government's focus on infrastructure

The National Infrastructure Pipeline (NIP) for Fiscals 2019 to 2025 is a first-of-its-kind, whole-of-government exercise to provide world-class infrastructure to citizens and improve their quality of life.

Infrastructure investment in India from Fiscals 2013 to 2019 was Rs. 57 trillion. Power, roads and bridges, urban, digital infrastructure and railways together constituted more than 85% of the total infrastructure investment.

The total capital expenditure in infrastructure sectors in India during Fiscals 2020 to 2025 is projected at Rs. 111 trillion.

The National Infrastructure plan aims to double infrastructure investment per year from the current average of Rs. 10 trillion per year to Rs. 22 trillion per year. Of the total NIP of Rs. 111 trillion, Rs. 44 trillion (40%) worth of projects are under implementation, Rs. 34 trillion (30%) worth of projects are at the conceptualisation stage, and Rs. 22 trillion (20%) worth of projects are under development.

Almost 83% of project allocation indirectly benefits the commercial vehicle sector in India, and this push for infrastructure is a major driver of growth.

### ***Scrappage policy***

Recent regulations such as the axle norm, bus body code, mandatory anti-lock braking system, speed governors, enforcement of BS-VI norms, and mandatory cabin ventilation system on new commercial vehicles (CVs) have already impacted the industry. CRISIL expects the effects of newer fuel-efficiency norms, the proposed BS-VI norms, the truck body code, and the new scrappage policy, to play out in the long run.

The Ministry of Road Transport and Highways, in August 2018, considered incentivizing the scrapping of vehicles sold before April 2005 (15 years old). After deliberations on the modalities regarding the implementation of the norm, the government currently aims to promote vehicle scrapping by exempting registration charges for truck purchases made after scrapping older trucks. As the current registration charges are low (below approximately Rs. 5,000), the government simultaneously aims to increase renewal of registration for older vehicles (to Rs. 40,000). To make it difficult to hold onto an older truck, trucks older than 15 years are also expected to get a fitness certificate every six months vs. every twelve months currently. However, we believe approximately Rs. 40,000 benefit on scrappage of 15 year and older trucks will not be enough to promote the scrapping of such trucks as the current resale value of a 15-year-old truck is higher than the current scrap value and the registration benefit. The move can only aid in scrapping of vehicles which are around 20 years and above since their resale value will be near the scrap value of the truck; the number of such trucks will however be limited to 10,000-20,000.

As seen above, resale value of trucks tends to be above the sum of scrappage value and the registration benefit. Thus, the scrappage norm at the current level of benefits will lead to scrappage of trucks only older than 20 years. Through higher incentives from the government and OEMs, if transporters are able to be incentivized for scrapping of vehicles older than 15 years, CRISIL expects 600,000- 650,000 MHCVs to be available for scrapping. CRISIL estimates that incentive of more than Rs. 90,000 for 16T MCV and incentive of more than Rs. 100,000 would be needed to scrap for trucks older than 15 years. At a similar quantum of scrappage incentives, additional demand of 10,000-130,000 can be expected from buses.

### ***Commissioning of DFCs to put brakes on road freight and hence CV sales***

The dedicated freight corridors (DFCs) will help the Indian Railways regain lost freight share, by cutting turnaround times between importing and consuming destinations. Not only will the DFC bring about faster freight movement, but it will also allow for faster evacuation of cargo from the ports, thereby improving efficiency. In fact, the DFCs and the associated logistics parks will be able to help industries significantly reduce plant-level inventory as well, thereby enabling savings in working capital. And the shifting of freight to rail will aid the economy by decongesting major highways.

Thus, the roads segment, which has outperformed rail over the past decade, will lose some share once the DFCs are commissioned in Fiscal 2023.

Within the CV space, Tractor trailers will be the most vulnerable to competition from the railways, following completion of the eastern and western DFCs. These routes account for more than 20% of pan-India primary freight in billion tonne kilometer (BTKM) terms. Container traffic (approximately 65% share in the western corridor) and bulk commodities (approximately 89% in the eastern corridor), which dominate the freight carried on the two routes, are expected to shift to railways, thus affecting the sales of MHCVs, especially tractor trailers.

### ***Gradual shift towards higher tonnage trucks***

Within the CV space, over the years, rising domestic consumption demand has resulted in incremental availability of freight for movement. This has subsequently resulted in a shift in preference towards higher payload capacity trucks by transporters.

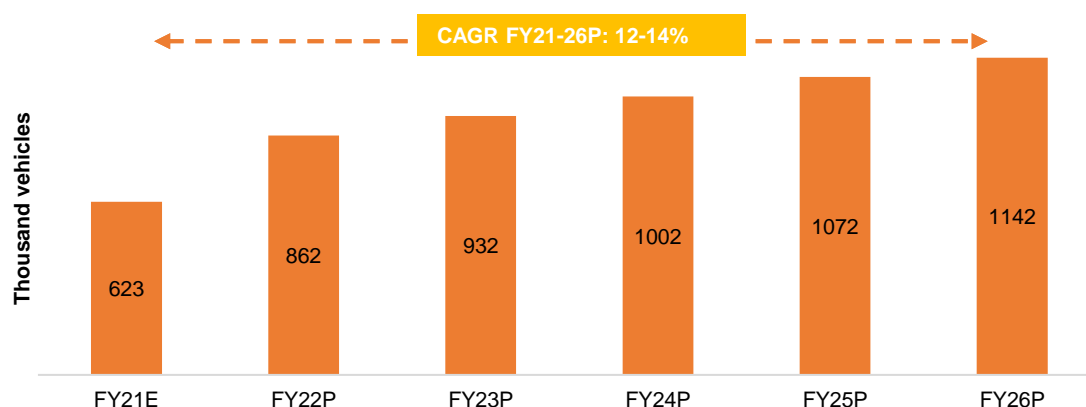
*To be sure*, for MHCV cargo as well as tipper segments, tonnage (payload) sales growth has been higher vis-à-vis sales volume. This clearly indicates that the industry has shifted towards higher tonnage vehicles over the years.

## Outlook On Indian CV Industry (Fiscals 2021-2026)

### Production outlook (Fiscals 2016- 2021)

Production of CVs in India is expected to increase at 12% to 14% CAGR over Fiscals 2021 to 2026 over a low base. Buses, in particular, are expected to rebound sharply, growing at 31% to 35% CAGR till Fiscal 2026. In Fiscal 2021, though, the production of buses has sharply declined because of low people mobility due to the pandemic. But Fiscal 2022 onwards, production of buses is projected to rise exponentially as sales recover on a low base of Fiscal 2021 on account of availability of vaccine. Also, production for goods vehicles is estimated to grow at 11% to 13% CAGR over the forecast period.

### CV production outlook



Note: E - Estimated; P - Projected, Domestic production is exclusive of Bharat Benz production volume, as the same is not reported by SIAM  
Source: SIAM, CRISIL Research

### Domestic sales outlook (Fiscals 2016- 2021)

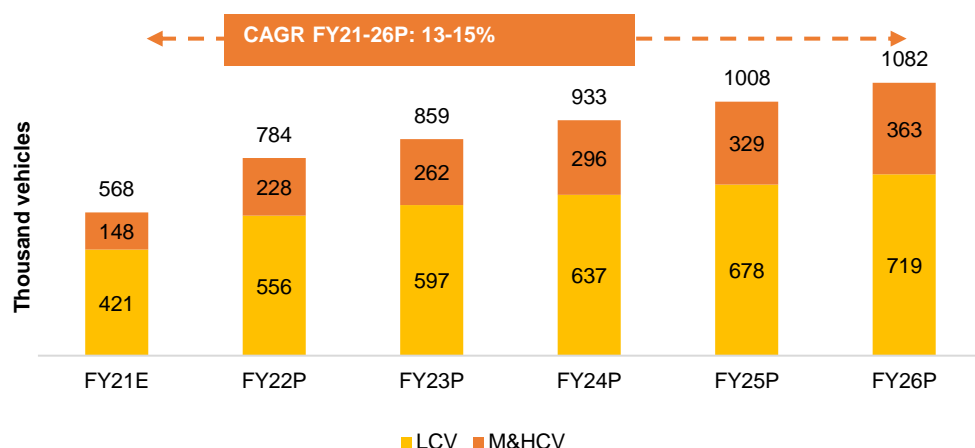
Domestic CV sales are expected to increase 12% to 14% CAGR over Fiscals 2021 to 2026. In Fiscal 2022, sales will be driven over a low base of Fiscal 2021, with gradual pick-up in industrial activity and people mobility as administering of the COVID-19 vaccination gains pace. Also steering growth between Fiscals 2022 and 2026 will be rising domestic consumption, improving rural incomes, increasing exports with the realigning of global supply chains and the government's production-linked-incentive scheme, the government's focus on infrastructure investments through the NIP, and commencement of commercial mining in India. Roll out of the scrappage policy would further aid demand for CVs.

A further increase in CVs sales will, however, be cut short because of efficiencies achieved with the introduction of the Goods and Services Tax (GST), better road infrastructure, and commissioning of the DFCs.

Domestic sales of M&HCV will be supported by growth in key sectors like coal, steel, cement. Growth of tippers will be driven by 8% to 10% increase in investments in road projects. E-commerce boom is likely to support demand for intermediate commercial vehicles and small commercial vehicle. Rising per capita income, buoyancy in the rural markets to drive sales for pick-ups.

### CV domestic sales outlook





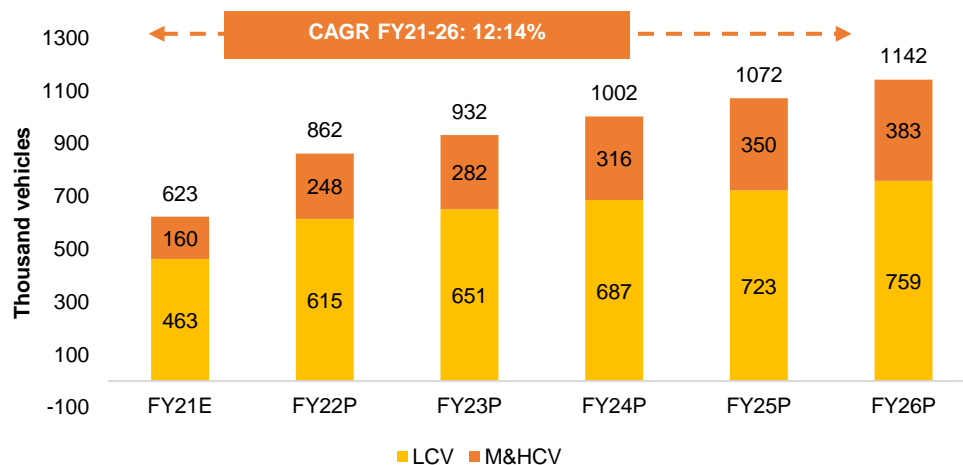
Note: E - Estimated; P - Projected, Domestic sales are exclusive of Bharat Benz sales as the same are not reported by SIAM  
Source: SIAM, CRISIL Research

### Split between domestic sales and exports

The Indian CV industry is expected remain domestic-focused, with domestic sales comprising approximately 94% share of production even in Fiscal 2026. However, with exports projected to grow at 15% to 16% CAGR over Fiscals 2021 to 2026, its contribution in overall production is likely to marginally rise over Fiscal 2021.

### Segment-wise split of CV industry production volume

#### CV production outlook by segment



Note: E - Estimated; P - Projected  
Source: SIAM, CRISIL Research

### MHCV segment to log high growth up to Fiscal 2026

MHCV sales are projected to rise 19-21% CAGR from Fiscals 2021 to 2026 vis-à-vis approximately 17% CAGR posted between Fiscals 2016 to 2021. The rise in sale will be despite a shift to lower tonnage vehicles due to the axle norm. The tonnage addition will be because of a better product mix, i.e. higher growth in MAV and T-Trailer demand. A note here: The long-term growth forecast is over a low base, with sales skidding approximately 43% CAGR over Fiscals 2019 to 2021 on account of economic slowdown and the pandemic.

Factors driving long-term MHCV sales will be improving industrial activity, steady agricultural output, and the government's focus on infrastructure. However, further volume growth will be limited due to efficiencies achieved post introduction of the GST regime, better road infrastructure, along with commissioning of the DFCs.

### LCV sales to grow at modest pace in long run

LCV demand is expected to rise between 10% to 12% CAGR from Fiscals 2021 to 2026 over a low base of Fiscal 2021, owing to higher private consumption, low penetration levels providing headroom for growth, greater availability of redistribution freight, and improved finance availability post Fiscal 2021.

Within LCVs, the shift towards pick-ups (which carry higher loads) from sub-one tonne vehicles, though, will curb a sharper increase in sales volume, as fewer trucks will now be required to transport the same quantity. Also, upper-end light commercial vehicles (ULCVs) offer the transporter lower returns, as compared with ICVs, and are most suited for captive use. Entry restriction within city limits on ICV trucks and higher tonnage MHCVs is expected to keep demand from this segment buoyant.

### ***Bus demand to grow moderately in long run***

CRISIL Research projects domestic bus sales to expand at 46-48% CAGR till Fiscal 2026 on a very low base of Fiscal 2021 (decline expected in Fiscal 2021 at 34% to 35% over Fiscal 2020) due to increasing demand for inter-city/-state travel, aided by better road infrastructure, and higher personal disposable incomes. The unregulated segment, which primarily caters to demand from schools, companies and inter-city travel by private operators, will remain the largest end-user. A large part of the demand will be from replacement of Jawaharlal Nehru National Urban Renewal Mission buses, which were sold during Fiscals 2011 and 2012, once funds are released by the Centre and state governments for the purchase of buses. This replacement is expected to gain pace post Fiscal 2021, aiding long-term MCV bus growth. However, further expansion in bus sales would be affected by the commissioning of metro rails and monorails in several cities.

## **Review And Outlook For The Indian Tractor Industry**

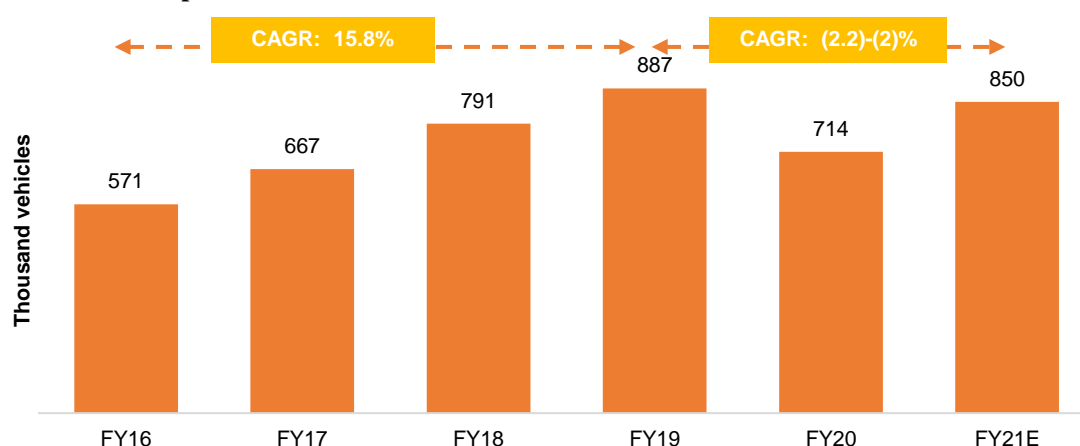
### **Review of the Indian tractor industry (Fiscals 2016-2021E)**

#### **Historic production development (Fiscals 2016-2021E)**

Tractor production clocked a compounded annual growth rate (CAGR) of approximately 15.8% over Fiscals 2016 to 2019 driven by high tractor demand on the back of higher crop profitability and greater government support. Major players such as ITL, Escorts and TAFE have increased production capacity over the years to widen market reach and meet increasing demand.

A nationwide lockdown amid the COVID-19 pandemic halted production in Fiscal 2021. Although production resumed in May 2020, rules for social distancing and safety of employees posed challenges to original equipment manufacturers (OEMs). Further, lower production of components and logistics constraints disrupted the supply chain. Production declined 5% year-on-year in the first half of Fiscal 2021. However, it rebounded in the third quarter, growing 16% year-on-year YTD (April-December 2020). Production is expected to rise between 19% to 21% on-year in Fiscal 2021 backed by robust demand.

#### **Review of tractor production**



Note: E - Estimated

Source: Tractor Manufacturer's Association (TMA), CRISIL Research

#### **Historic domestic sales development (Fiscals 2016-2021E)**

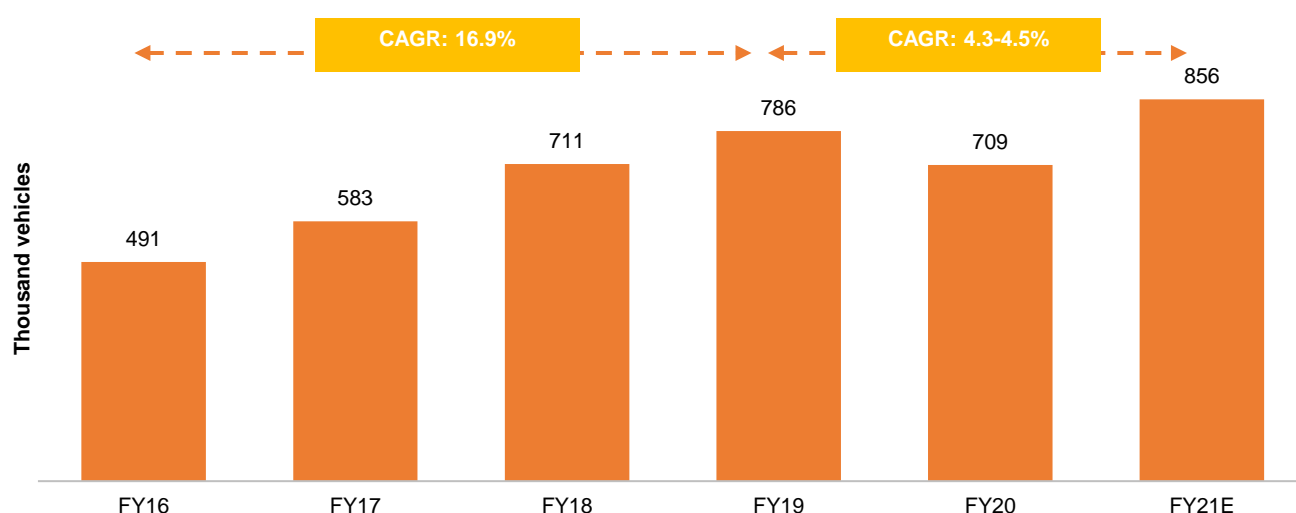
Domestic tractor demand is expected to rise between 20% to 22% year-on-year in Fiscal 2021 due to positive farm sentiment on account of better crop profitability, and greater government support in the form of income-support schemes, higher procurement of field crops and increased rural expenditure (agriculture expenditure is estimated to have risen approximately 52% year-on-year in the first half of Fiscal 2021).

Tractor sales clocked a CAGR of 5% over the past 10 years, tracking growth in farm income (except in Fiscal 2010, when sales were driven by the government's debt relief and debt waiver schemes).

Tractor sales logged a CAGR of approximately 10% over Fiscals 2016 to 2020, and fell approximately 10% on-year in Fiscal 2020 after three years of robust growth: 19%, 22% and 8% in Fiscals 2017, 2018 and 2019, respectively. Weak commercial demand and uneven spread of rainfall across the country affected sales in Fiscal 2020.

The past decade saw a significant rise in the use of higher horsepower (hp) tractors and implements. In Fiscal 2010, 31-40 and 41-50 hp tractors accounted for approximately 48% and approximately 24% of overall domestic demand, respectively. In Fiscal 2020, 41-50 hp tractors represented approximately 49% share driven by higher farm income and greater government support. This share rose to approximately 53% YTD (April-December 2020) due to increased use of implements (require higher hp tractors to operate) and increased affordability of farmers.

### Review of tractor domestic sales



Note: E - Estimated

Source: TMA, CRISIL Research

Factors propelling tractor demand in Fiscal 2021 are as follows:

- High investment by farmers on agriculture activities amid absence of any other investment opportunities due to the pandemic
- Year on year increase in farm income of approximately 8% and 3-5% for rabi (in Fiscal 2020) and kharif (in Fiscal 2021) crops, respectively
- Rise in agriculture spend of 52% year-on-year (as of mid-September 2020)
- Relatively low impact of the pandemic on farming activity in rural areas, given lower population density

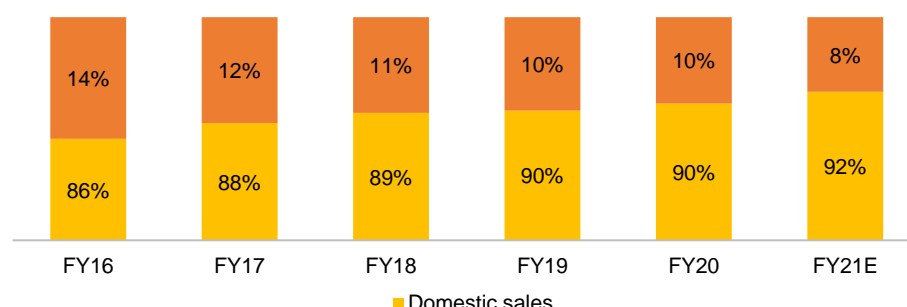
However, commercial demand is muted despite sand hoarding (pickup in sand mining activities in Madhya Pradesh, Bihar, Uttar Pradesh and parts of the southern region) and construction under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) being in full swing

### Split by domestic sales and exports

A major proportion of tractor exports from India is to Asia (mainly Malaysia, Nepal, Sri Lanka and Bangladesh), North America (mainly the United States or US) and Africa.

Tractor exports logged a CAGR of approximately 6% over Fiscals 2016 to 2019, supported by higher demand from Asia and Africa (prices of select crops had boomed in Africa). Exports declined in Fiscal 2020 due to strict emission norms in North America, political tension in some African countries, and economic slowdown in Europe. Export sales dipped 17% year-on-year in Fiscal 2020.

### Tractor industry split into domestic sales & exports



Note: E - Estimated

Source: TMA, CRISIL Research

### Key trends and growth drivers

#### *Higher procurement and minimum support price (MSP) to aid cash flow of farmers*

Record high procurement of wheat for rabi crop sown in Fiscal 2020 benefitted farmers in the first half of Fiscal 2021. Procurement improved due to uptake of food grains by state governments under the Pradhan Mantri Garib Kalyan Ann Yojana, under which food grain was distributed free of cost for three months to about 800 million beneficiaries across the country during the lockdown period. The government's target for kharif paddy procurement is also high, and early procurement has been initiated in northern states. In states such as Punjab, Haryana, Uttar Pradesh and Telangana, the central government bought 41.105 million metric tonne (LMT) of paddy by mid-December 2020, up 23% from 333.59 LMT during the same period previous year.

MSP for some major crops such as paddy and wheat has increased 3% on-year in Fiscal 2021. Thus, a robust increase in crop procurement and higher MSP would boost farm income.

#### *Nearly 13 million tractors required to till India's entire arable area*

Assuming a requirement of 50 tractor-hours per hectare per year, 7.86 billion tractor-hours per year would be required to till India's entire arable land of 159.2 million ha. Industry interactions indicate tractors are typically used for 700 to 1,000 hours a year. While approximately 30% of the usage is in non-farm activities between cropping seasons, a tractor is used for approximately 600 hours a year on farms for two cropping seasons. To meet the requirement of 7.86 billion tractor-hours, 13 million tractors (excluding tractors purchased purely for commercial purposes) would be required compared with the tractor population of 6.3 million in Fiscal 2020.

#### *Rental models and low-cost tractors key to penetrating fragmented land holdings in India*

Despite the huge potential that India's vast stretch of arable land offers, the fragmented land-holding pattern remains a hurdle. With over 80% of land holdings being small and marginal (less than 2 ha), most farmers find it difficult to afford tractors. They rent tractors or buy small tractors to improve productivity, a trend that is rapidly gaining hold.

#### *Non-farm usage of tractors on the rise*

Tractors are also used in mining, construction and haulage activities. Currently, non-farm usage accounts for approximately 30% of demand for tractors.

Tractor usage in non-farm activities has been increasing, with the government's focus on improving rural infrastructure. Tractors are also used for carrying construction materials such as bricks, cement and pipes. Tractors

are being looked at as an alternative to commercial vehicles, as tractors are more economical, can carry heavy weight, and can be maneuvered easily on rough, rural roads.

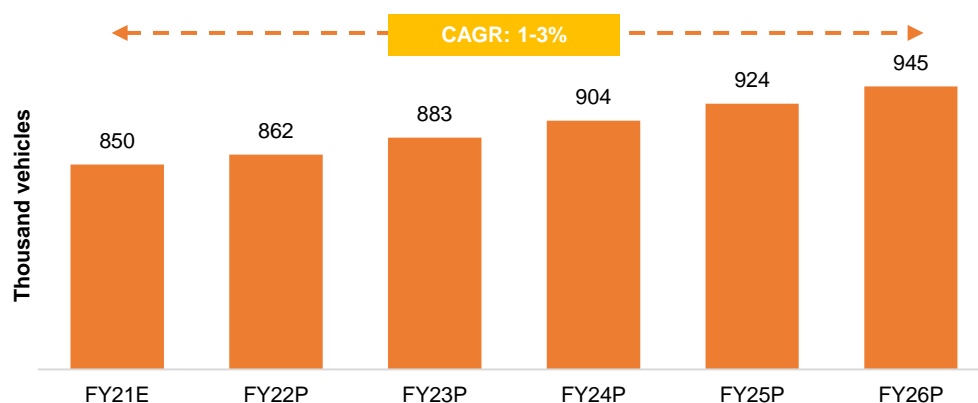
## Outlook On Indian Tractor Industry (Fiscals 2021-2026)

### Production outlook (Fiscals 2021-2026)

CRISIL Research projects production and domestic sales of tractors to expand at 0-4% CAGR during Fiscals 2021 to 2026, after factoring in one to two years of below-normal monsoon during the period along with a 10% decline in investment in Pradhan Mantri Gram Sadak Yojana (PMGSY) over the next five years, due to lower targets impacting commercial demand.

Tractor is a cyclical industry, and it generally takes four to five quarters for the industry to recover after a downturn. Thus, assuming that the tractor industry will be impacted by poor monsoon for one to two years between Fiscals 2022 and 2026 with the industry taking four to five quarters to recover, CRISIL arrives at a CAGR of 4% to 6%. Growth will be supported by the low tractor penetration in India and government focus on improving farm incomes through various schemes, promoting farm mechanization, and investments to improve rural infrastructure.

### Tractor production outlook



Note: E - Estimated; P - Projected

Source: CRISIL Research

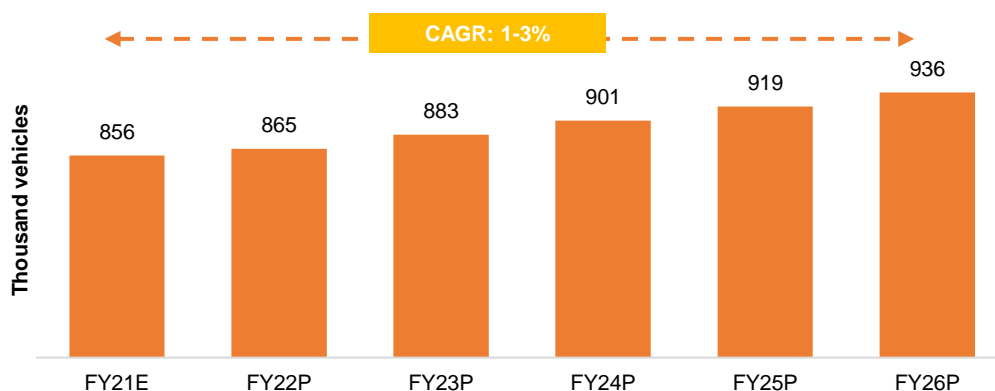
### Domestic sales outlook (Fiscals 2021-2026)

Tractor domestic sales growth in the next five years to be lower than previous five years

Apart from cyclical factors such as farm incomes, which depend on the monsoon and crop prices (MSPs and mandi prices), structural factors drive tractor sales:

- Rising cost of farm labour due to employment schemes such as MGNREGA
- Increasing substitution of non-mechanised modes of farming such as animal labour
- Credit availability and affordable rates of finance, increasing budgetary allocation towards the rural sector, and government support for farm mechanisation also encourage growth.

### Tractor domestic sales outlook



Note: E - Estimated; P - Projected  
Source: CRISIL Research

### Split by domestic sales and exports

Contribution of exports to production increase gradually as international players set up India as export base to cater to the US and Europe markets. In addition, domestic manufacturers are also expanding their presence in export market. Share of exports is also likely to gain over Fiscals 2021 to 2026 period as domestic sales are likely to be tepid after posting robust volume growth over Fiscals 2016 to 2021.

## ELECTRIFICATION

### Regulatory roadmap key for rise of electric mobility in India

The US and China have seen an acceleration of sales of electric/hybrid cars, as most major global original equipment manufacturers (OEMs) have one or more models in their portfolios in these countries. With more model launches by OEMs, issues of range anxiety being addressed, and declining battery prices, CRISIL expects electric vehicle (EV) volume to grow at a faster pace globally.

Currently, in India, the charging infrastructure required for EVs is not in place. With the Indian automobile industry seeing a slew of regulations and norms in the past few years, OEMs are skeptical about investing in EV manufacturing here.

The implementation of the National Electric Mobility Mission Plan, 2020 and other policy initiatives by the government to address infrastructure-related issues are key parameters to be monitored for the sector over the next five years. The government has announced Rs. 100 billion for Phase 2 of Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME). The policy aims to provide a subsidy of Rs. 10,000 per KWh to four wheelers (BEV (battery electric vehicle), PHEV, strong hybrid) for commercial purpose and public transport. It also mandates minimum range to be approximately 140 km and maximum ex-factory price to be approximately Rs. 1.5 million. It envisions creation of infrastructure for charging of EVs. CRISIL Research expects initial adoption rate to be high among cab aggregators.

Delhi has announced an EV policy that would provide purchase incentives of up to Rs. 0.15 million for the first 1,000 electric cars. The benefit would be provided in addition to FAME-2 policy benefits. The Telangana government is also providing 100% exemption of road tax and registration fee on purchase of the first 5,000 electric cars. The Tamil Nadu government is providing 100% exemption for battery-operated vehicles (BOVs). Such regional push will further enable adoption of EVs. Further individual tax payers are allowed to take a deduction on interest payments up to Rs. 150,000 towards electric vehicles under Section 80EEB. The benefit is available on EV loans sanctioned over April 1, 2019 till March 31, 2023 period. Such favorable tax laws are expected to encourage electric vehicle adoption for personal mobility.

The government is also considering the establishment of a 40 gigawatt (GW) battery manufacturing plant to boost EVs and renewable energy initiatives. However, for any path-breaking changes to happen in the EV market, OEMs need to make more investments and the government should devise clear policies. Among the challenges, infrastructure shortage needs to be resolved urgently.

## **Electric PVs to contribute to approximately 4% of domestic sales by Fiscal 2026**

As it stands, FAME-II subsidy is incentivized only towards commercial use. No benefits are provided to personal car owners. Following are the findings of CRISIL analysis on the cost of ownership of an electric passenger car versus petrol, diesel and CNG variants for cab aggregators. CRISIL Research has also compared the cost of ownership of an electric passenger car with the petrol variant of a passenger car.

In case of commercial application like cab aggregators, Total Cost of Acquisition (COA) for EVs is almost 50% higher for diesel and CNG vehicle. However due to heavy running of the vehicles the Total Cost of Ownership (TCO) of EVs for cab aggregators is lower compared with diesel alternatives by approximately 6% and higher by approximately 6% than CNG alternatives even in Fiscal 2021. By Fiscal 2026 TCO for EVs is likely to be lower by 11% in with diesel alternatives and marginally lower for CNG alternatives. The lower battery cost is expected to offset the lack of FAME subsidy and will help maintain competitiveness of BEVs against diesel and CNG variants for cab aggregators.

Currently, charging infrastructure, range anxiety and lack of large OEM presence is hindering EV adoption. The taxi segment accounts for 10-15% of sales within passenger cars, and within the taxi segment, cab aggregators are expected to lead adoption of EVs. This should result in an estimated approximately 25% adoption of EVs within cab aggregator segment by Fiscal 2025 (assuming adequate infrastructure is available by then).

TCO and COA of electric personal cars are still higher (approximately 33% and approximately 78%, respectively) compared with the petrol alternative and higher by (approximately 39% and approximately 53%, respectively) due to their lower running. Therefore, EVs are currently not a viable use-case. In addition, availability of charging infrastructure and range especially for intercity travels are likely to be key bottlenecks for adoption of EVs in the personal car segment.

Hence, CRISIL Research expects the share of EVs in total passenger car sales to remain low (approximately 4%) in Fiscal 2026. Penetration in Fiscal 2019 was approximately 0.1%. EV penetration can be higher if government adopts stricter policies on OEMs for not meeting CAFÉ norms. The exact quantum of EV penetration in an aggressive case depends on incentives given for adoption and setting up of charging infrastructure.

## **Key regulatory changes**

### ***Impact of corporate average fuel efficiency (CAFE) norms***

The Paris Agreement, enforced from November 2016 onwards, and ratified by India, set the objective of limiting the global temperature rise this century well below 2 degree Celsius over pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius. The greenhouse gases emissions reduction that would be compatible with this target would require a significant increase in the share of zero or low emission vehicles over the coming years. These regulations, combined with growing environmental and sustainability consciousness of the population, will lead to a major transformation of the global auto industry from internal combustion engine to green mobility technologies (such as hybrid vehicles, BEVs, fuel cell vehicles and alternative-fuel vehicles).

Fuel consumption standards for Indian vehicles came into force in India in April 2017 for petrol, diesel, liquefied petroleum gas (LPG) and compressed natural gas (CNG) passenger vehicles. These standards are based on the CAFE system and targets to bring about improvement in fuel consumption of passenger vehicles by 2022. The policy supports a continuous reduction in CO<sub>2</sub> emissions through CAFE regulations.

These regulations were first implemented on April 1, 2017 with the introduction of BS-IV emission norms. It was decided the highest permissible carbon footprint would be 130 gm per km till 2022. Thereafter, it would be further reduced to 113 gm per km. This is expected to incentivize the shift towards greener technology such as hybrids and EVs.

## REVIEW AND OUTLOOK FOR THE INDIAN EV TWO-WHEELERS INDUSTRY

### Review of Indian two-wheeler electric vehicles industry (Fiscals 2018-2021E)

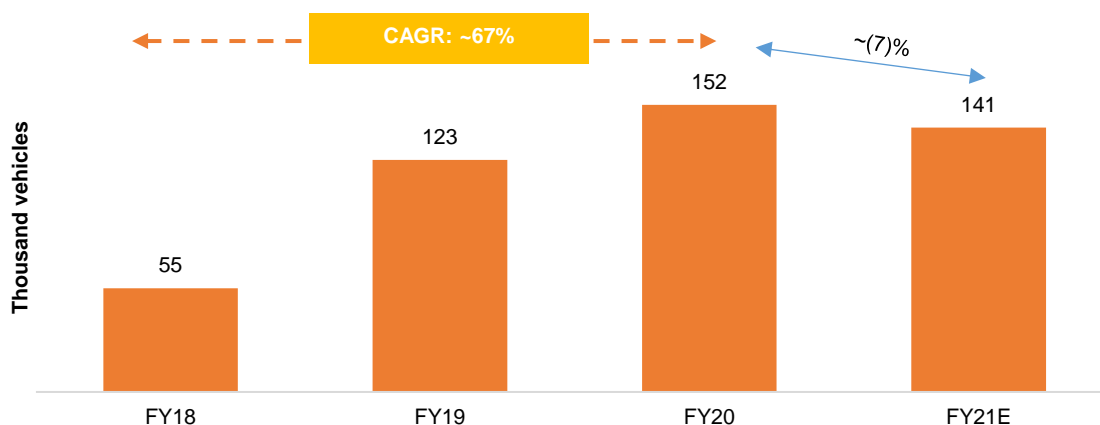
#### Historic domestic sales development (Fiscal 2016-2021E)

The Indian two-wheeler electric vehicles (2W EV) story started in 2012 with the launch of the National Electric Mobility Mission Plan (NEMMP) 2020 that provides the vision and roadmap for faster adoption of EVs and their manufacturing in the country. 2Ws account for more than three-fourths of vehicles on Indian roads. Clearly, 2Ws would drive faster adoption of EVs in India. Over 2012-2015, the Indian 2W EV market was dominated by imports, mostly of lead-acid and low-speed electric scooters.

The Government of India launched the first phase of the Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME) India Scheme on April 1, 2015, to support the development of the hybrid and EV market. Under this scheme, demand incentives were provided to buyers (end-users/consumers) of 2W EVs – ranging from Rs. 7,000 for lead-acid vehicles to Rs. 26,000 for high-speed lithium-ion models. This provided a significant fillip to the 2W EV industry in India and resulted in several original equipment manufacturers (OEMs) foraying into the market.

Adoption of EV is contingent upon cost of acquisition and total cost of ownership of EVs over ICE alternatives. Among automobile segments, electrification in India will be led by three-wheelers and two-wheelers, while it will take longer for commercial vehicles and passenger vehicles to gain traction. Electrification in 2W will be led by lower total cost of ownership compared to ICE vehicles and suitable operating dynamics (running in shorter leads) compared to other vehicle segments. Whereas passenger vehicle to see slower electrification on account of higher cost of ownership and lack of availability of sufficient charging infrastructure.

#### Review of 2W EV sales in India



Note: E - estimated

Source: Society of Manufacturers of Electric Vehicles (SMEV) and CRISIL Research

In India, 2W EV adoption has been slow because of the absence of large organized OEMs, low product specifications of majority of the models available in the market and customer perception of low quality of EVs. Among 2W EVs, scooters have emerged as the most preferred choice, accounting for almost 100% of sales.

Type/Year	FY18	FY19	FY20	FY21E
Scooter sales ('000)	6,774	6,824	5,717	4,592
All 2W sales ('000)	20,253	21,302	17,568	15,229
2W EV sales ('000)	54.8	121.8	152	140-142
2W EV scooter sales ('000)	54.8	121.8	151	138-139
Adoption rate of 2W EV	0.3%	0.6%	0.9%	0.9%



Adoption rate of scooters	0.8%	1.8%	2.7%	3%
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Note: E - estimated

Source: SMEV, Society of Indian Automobile Manufacturers (SIAM), and CRISIL Research

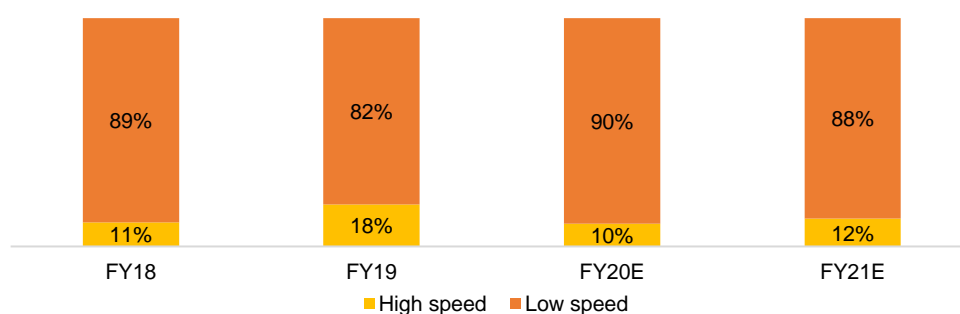
### Split of 2W EV sales by segments

The 2W EV industry has been divided into the following sub-segments based on speed and battery composition:

Based on speed

- Low-speed vehicles (<45 kmph)
- High-speed vehicles (>45 kmph)

### 2W EV sales in India by speed categories



Note: E - estimated

Source: SMEV, and CRISIL Research

### Key trends and growth drivers

#### Government intervention in regulations and policies

The Government of India, through various ministries, has formulated policies for the development of the EV sector in India. The Ministry of Power has revised guidelines for the distribution and sale of power. The following table lists some of the policies and their expected outcomes:

Policy	Policy details	Expected outcome
<b>Reduction in the GST rate for EVs and chargers</b>	-From 12% to 5% for EVs, and 18% to 5% for chargers, effective from August 1, 2019	-EV acquisition cost came down. Fast-charging infrastructure cost also reduced
<b>Union Budget 2019-20</b>	-Income tax deduction of Rs. 0.15 million on EV loans	-TCO decreased, especially for salaried professionals
<b>Warranty condition for eligibility of vehicle under FAME II (May 15, 2019)</b>	-Warranty condition revised to three years subject to 20,000 km; earlier warranty on vehicles was provided for one year only	-Customer perception of low quality of EVs will change
<b>FAME II subsidy (March 22, 2019) valid till FY22</b>	-1 million e2W to be given subsidy at Rs. 10,000 / kwh or 20% of ex-factory price (limited to Rs. 0.15 million)	- e2W acquisition cost came down, with subsidy ranging up to 20% of ex-factory price for current models
<b>State EV policies</b>	-Eight states have finalised their EV policies and eight others have draft policies	-Maharashtra and Delhi are offering incentives, further decreasing acquisition cost

Policy	Policy details	Expected outcome
	-Policy entails supply and demand-side incentives	-Demand-side incentives include reduced tariff for EV charging, rebates on road tax, interest-free loans for auto component manufacturer, and cost split for skill development  Supply-side incentives include interest subvention on investments made and stamp duty exemption
<b>PMP norms</b> (April 29, 2019)	-Increase in import duty on EV auto component parts from 10% to 15% from April 2021	-OEMs not meeting localisation norms will not be eligible for the demand incentives  -Moreover, the cost of importing parts is also set to increase from April 2021, if a sustainable and cost-effective domestic alternative is not found  <b>-This will increase acquisition cost of e2W</b>  -Our recent interactions with e2W OEM's suggest vehicle control units, battery packs, and lithium-ion cells are still being considered for substitution
<b>EV charging ecosystem</b>	-16 state policies in final and draft stages offer incentives for setting up charging stations  - As per the Ministry of Power's notification issued on December 14, 2018, resale or commercial activity in electricity has been allowed for utilities/ service providers providing public charging infrastructure  -OMC (Oil marketing companies) retail pumps will be given priority for installation of public EV charging stations  -Nine cities with a population of 4 million and above are the focus of phase I of the EV charging policy  -There must be at least one charging station in a grid of 3 km x 3 km in cities	-Under FAME I, the government had sanctioned 520 chargers  -Under FAME II, the government has sanctioned 2,636 charging stations across 62 cities  -Fast and accessible charging will help reduce range anxiety and drive faster adoption of e2W

Source: SMEV, FAME, DHI, and CRISIL Research

Regulators play an important role in driving faster adoption of EVs. The FAME II scheme has an outlay of Rs. 100 billion, with a major proportion dedicated to demand incentives; Rs. 10 billion is earmarked for the development of charging infrastructure. Demand-side incentives under the FAME scheme will last until Fiscal 2022, and state EV policies (mostly of five-year tenure) will last until Fiscal 2023. Continuation of policies after Fiscal 2023 will play an important role in driving adoption of hybrid and EVs. Execution of the schemes will also be a key factor considering that only Rs. 4.40 billion of the Rs. 8.93 billion allocated to FAME I has been utilized. All the policies and regulations focus on decreasing the acquisition cost and building capabilities through the PMP scheme and the recently announced production-linked incentive (PLI) scheme.

## Total cost of ownership and affordability

TCO depends on many factors such as acquisition cost, registration and finance charges, maintenance and running cost and finally resale value. Acquisition cost is a major component. High acquisition cost hinders adoption.

### Acquisition cost delta comparison

Percentages denote quantum by which cost of e2W is higher than equivalent ICE (Internal combustion engine) model in the respective periods.

Delta with ICE	FY19	FY21	FY23	FY25
e2W-equivalent with subsidy	49%	30%	<b>18%</b>	11%
E2W-equivalent without subsidy	82%	56%	<b>41%</b>	33%

Source: CRISIL Research

FAME II subsidy will remain in force until Fiscal 2022. The table above reflects the importance of demand-led incentives in making e2Ws more affordable. The aim should be to bring the affordability quotient as close to ICE as possible. Cost here includes RTO and insurance. The battery component accounts for 26% to 35% of the cost of an e2W in Fiscal 2021. The price of ICE vehicles will increase every year due to the increasing input costs, emission and safety norms whereas price of EVs will remain constant or may decrease owing to decreasing lithium prices and economies of scale.

### TCO

In a base scenario, for comparing TCO of EVs with that of ICE vehicles, CRISIL Research has considered battery prices dropping to \$150 per kWh by Fiscal 2025. Petrol price is assumed to remain at Rs. 83.69 per liter, with no further increase over current prices. EV resale value as a proportion of initial cost has been assumed to remain at the same level in Fiscal 2025 as in Fiscal 2021, which will probably improve over a period with better product availability in the market. Therefore, alternative scenarios developed will only show an upside for EVs. Continuation of FAME subsidies until Fiscal 2025 is the only major assumption made in favor of 2W EVs.

### TCO in 2021 for four-year ownership

Annual running	6,000 km	8,000 km	10,000 km
ICE-equivalent 2W EV	4% higher cost than ICE	5% lower cost than ICE	13% lower cost than ICE

### TCO in 2025 for four-year ownership

Annual running	6,000 km	8,000 km	10,000 km
ICE-equivalent 2W EV	5% lower cost than ICE	13% lower cost than ICE	20% lower cost than ICE

In personal use case, average annual running of 7,000 to 9,000 km is observed for 2W's in India. As evident from the tables above, at annual running of 6,000-km, TCO of e2W's is 4% higher than that of ICE for Fiscal 2021. The lack of parity for e2W's is due to 30% higher acquisition cost. A majority of the 2Ws are financed; hence, a 30% cost differential for an e2W acts a deterrent for EV adoption. However, as annual running increases, EV becomes more cost-effective than ICE. This is one of the major reasons for the proliferation of many ride-sharing businesses having 2W EVs at their core, such as Bounce and Vogo.

In Fiscal 2025, with subsidies keeping the acquisition cost in control, TCO of e2W is positive even at lower annual running of 6,000 km as compared with equivalent ICE, thus paving way for rapid adoption.

A sequential increase in petrol prices, impending BS VI part B emission norms (due for implementation in Fiscal 2023), constant electrical energy cost (due to an increase of renewable energy in the country's power mix), and improving customer trust in electrification will lead to faster adoption of EVs.

### Growing awareness regarding environmental issues

Alarming levels of air pollution among metro cities in India and actions taken by the local governments is resulting in increased awareness levels among masses especially youth regarding environmental issues and advantages of electrical vehicles in addressing some of these issues. Growing awareness levels and concern regarding environmental issues are therefore likely to be some of the drivers for electrification in India.

### Outlook On Indian 2W EV Sales (Fiscal 2021-2026)

#### A snapshot of factors affecting 2W EV adoption in India

Factor	FY22E	FY26P
TCO	Medium to high	High
Industry action	Low	High
Government action	High	High
Product characteristics	Medium	High
Charging ecosystem	Low	Medium

Regulatory developments and player actions in the industry indicate that the share of large OEMs will continue to grow in the future, with adequate investments in capability building and a high degree of localization.

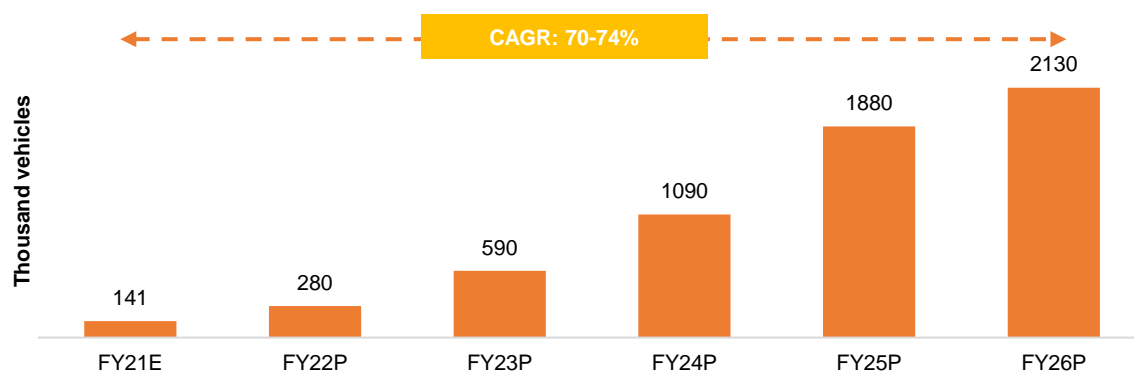
Product characteristics imply that the industry is moving rapidly from lead-acid-based low-speed vehicles to lithium-ion-based high-speed vehicles, and providing features on par with equivalent ICE vehicles.

Even though 90% to 95% of personal-use e2W are likely to be home-charged, the presence of public charging and fast-charging systems will allay range anxiety, help overcome the current trust deficit and drive faster adoption.

#### 2W EV sales outlook in India (Fiscal 2021-2026)

CRISIL Research expects 2W EV sales to expand to between 2,120 to 2,140 thousand vehicles by Fiscal 2026 from 140 thousand to 142 thousand vehicles in Fiscal 2021, at a CAGR of 70% to 74% over Fiscals 2021 to 2026.

#### 2W EV sales outlook



Source: SMEV, SIAM, and CRISIL Research

Type/Year	FY21E	FY22P	FY26P
Scooter sales ('000)	4,592	5,613	8,143
All 2W sales ('000)	15,227	17,618	23,811
2W EV sales ('000)	140-142	~280	~2,130

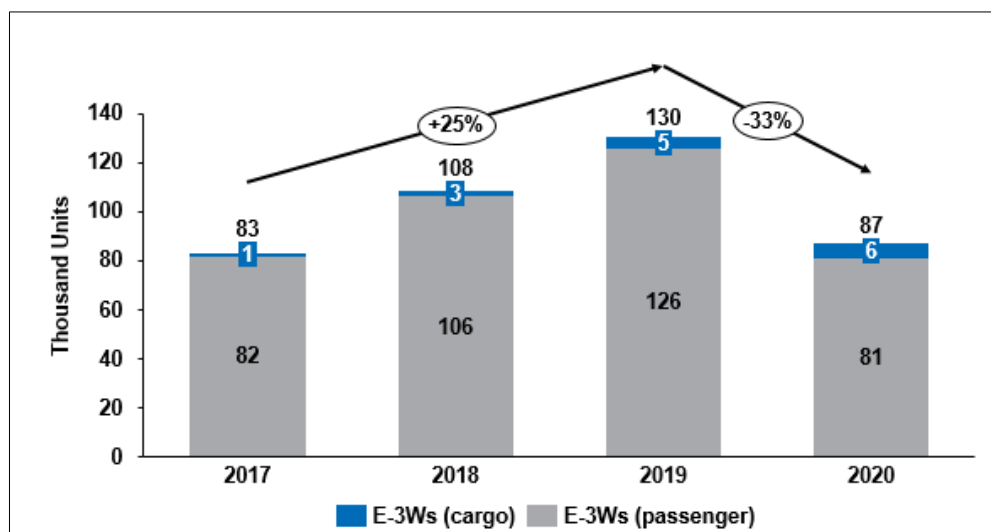
2W EV scooter sales ('000)	138-139	~270	~2010
Adoption rate of 2W EV	~0.9%	~1.5%	~8.9%
Adoption rate of scooters	~3%	~4.8%	~26.2%

Note: E - estimated; P - projected

Source: CRISIL Research

## Three-wheeler electrification in India

### Current Market size and share



Source: Ricardo analysis, Vahan portal (Note: The numbers represent registered e-3Ws)

The current market size of e-3Ws is approximately 87,000 units based on registrations in Road Transport Offices (RTOs). However, it is worth noting that the actual size of the market may be much higher as majority of the e-3W segment is highly unorganised.

There are three product categories in the e-3W segment namely e-auto (L5M), e-rickshaw and e-rickshaw with cart (L3/L5N). E-rickshaw with cart is the goods carrier while e-auto and e-rickshaw are passenger carriers. E-3W segment is dominated by passenger carriers with approximately 93% share while the cargo carriers are limited to approximately 7%.

### E-3W Outlook

The e-3W segment is expected to grow at CAGR of approximately 46% between 2021 to 25 to reach 400,000 units in sales. The projected sales are the registered vehicles and the actual sales is likely to be much higher (>1 million units) as large portion of e-3W segment is unorganized. Passenger carriers are expected to dominate with approximately 80% market share.

The growth in e-3W sales can be attributed to:

- E-3Ws have very low running cost comparison to its ICE peers, which will offset the higher acquisition cost. The benefits are maximized as the mileage is higher due to commercial use. Typically, 3Ws run for 100-200kms/day depending on application.
- Government is expected to continue the subsidy program, FAME II, as they could not achieve the target sales of 0.5M 3Ws by 2022 under the program; cumulative sales of e-3Ws bought under the program are approximately 10,000 units.
- Emergence of new business models to address key issues such as high upfront costs, range anxiety, slow charging etc.; Piaggio has partnered with Sun Mobility and Kinetic has partnered with Bharat Petroleum to offer battery swapping option.

- Demand for cargo e-3Ws is likely to be sustainable as e-commerce is projected to grow (from \$38.5 billion in 2017 to \$200 billion in 2026), thereby increased need for the last mile delivery. E-commerce and hyper delivery firms have announced their intentions to add EVs to their fleet.

If not for the following reasons, the growth would have been much higher:

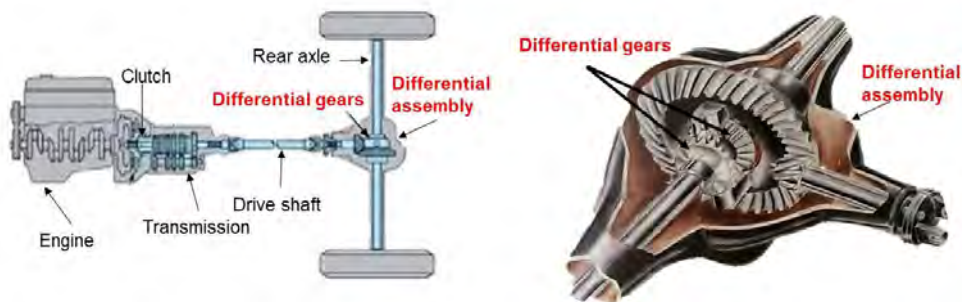
- COVID-19 has affected the 3W segment, especially the passenger carriers, heavily due to lockdowns and resultant office/ school shutdowns. The impact of COVID-19 is not completely over and passenger carriers are expected to decline YoY in 2021 by approximately 10% besides approximately 35% in 2020.
- The lockdowns have affected the income of 3W drivers, which turned the banks and NBFCs very cautious about lending to the segment.

## MARKET SIZING AND OUTLOOK FOR RELEVANT AUTO COMPONENT SEGMENTS IN INDIA

### Differential gears and assemblies

A differential gear is a critical component of a vehicle's power transmission system. Differential gears are mounted as an assembly of high-precision bevel gears on the drive axle. A differential assembly plays an integral role in how a vehicle turns. It is designed to drive a pair of wheels while allowing them to rotate at different speeds. This function provides proportional RPMs between the left and right wheels. For example, when a vehicle goes around a corner, the wheel on the outside must travel faster than the wheel on the inside. The differential distributes equal amounts of torque to both wheels. This permits the wheels to react to resistance, or provide traction, to give the wheel more resistance to rotate less. The wheel with less resistance rotates faster.

Differential gears/assemblies find application in passenger vehicles (PV), commercial vehicles (CV), tractors, and construction equipment.



Differential gears are mounted on the rear and/or front axle, depending on the power transmission system design. For example, in the case of two-wheel rear-axle-drive cars, one differential gear assembly is installed on the rear axle and vice versa. In the case of four-wheel drive cars, two differential gear assemblies are installed. On the similar principal differential gears find applications in commercial vehicle, tractors and construction equipment.

The intensity of differential gears in vehicles depends on vehicle type and configuration. Accordingly, two-wheel-drive passenger vehicles (PV) have a set of four differential gears. In certain vehicle models, depending upon design a two-wheel-drive, PV can have six differential gears. Whereas, a four-wheel-drive PV has two sets of four differential gears mounted on each of the axle (rear and front) along with an inter axle differential. Inter axle differential performs the function of distributing power between the two axles. A differential gear manufacturer realizes more revenue in a four wheel-drive versus a two-wheel drive PV. Bigger vehicles like sedans, SUVs have better price realization per gear as compared to small cars.

Similarly in CVs, an LCV has six differential gears in a two-wheel-drive configuration, whereas a M&HCV has two sets of six differential gears each along with an inter- axle differential consisting of nine gears in a four-wheel-drive configuration to support the torque requirement of respective vehicle segments. Therefore, in a four-wheel-drive configuration M&HCV truck has total 20 differential gears. A higher payload vehicle requires higher torque.

Vehicles with higher torque requirement not only have a higher number of gears, but also a more complex gear design compared with vehicles with lower torque requirement. CV applications such as construction, mining and defense require four-wheel-drive trucks that have a higher number of differential gears and require more complex gear designs to support operations in strenuous conditions. Like in PV, price realization for a differential gear manufacturer is higher in four-wheel-drive truck compared to a two-wheel-drive truck. In addition, price realization per gear also improve with increase in truck payloads.

Electric vehicle (EV) drivetrains are more complicated than conventional powertrains. Very high revolutions per minute (RPM) in electric drives cause noise, vibration and harshness (NVH) issues in EVs. This results in higher technological complexity in differential gears and assembly design. This in turn results in higher price realization for differential gear assembly in EVs than conventional powertrains.

In tractors, two-wheel drive tractors have six differential gears whereas in a four-wheel-drive configuration a total of 18-20 gears are deployed in a tractor. Even in case of tractors, price realization for a differential gear manufacturer is higher in four-wheel-drive tractors versus a two-wheel-drive tractors. Price realizations are also better in higher hp tractors versus lower hp tractors.

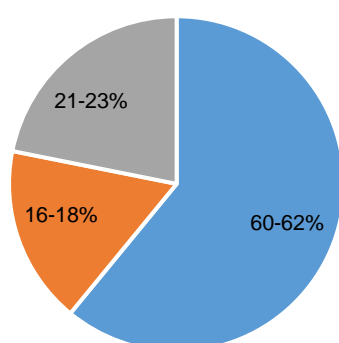
### Review of differential gears and differential gear assemblies market in India

According to CRISIL Research, the differential gears market in India – catering to original equipment manufacturers (OEMs) – is estimated at approximately 23.0 million units in Fiscal 2020 (in terms of volume). The market is estimated to be valued at Rs. 3.3–3.5 billion. Currently, most vehicle manufacturers procure differential gears as individual components from component manufacturers and perform the differential gear assembly operation in-house. In a scenario where component manufacturers supply all differential gears as assemblies to vehicle manufacturers, CRISIL Research expects the market for differential gear assembly to be worth between Rs. 4.5 billion to Rs. 4.6 billion in Fiscal 2020.

PVs are estimated to have accounted for 60% to 62% of the Indian differential gears market (by volume) in Fiscal 2020, followed by CVs (16% to 18%) and tractors (21% to 23%). By value, PVs are estimated to have accounted for 40% to 42%, followed by CVs (30% to 32%) and tractors (27% to 29%).

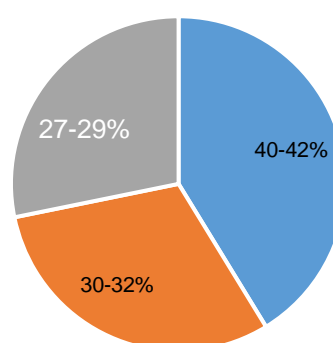
**Differential gears market in India, by vehicle segment**

**FY20: 23.0 million units**



**Differential gears market in India, by vehicle segment**

**FY20: Rs. 3.4 billion**



■ Passenger vehicles ■ Commercial vehicles ■ Tractors

*Note: Gears market is exclusive of gear demand from Bharat Benz as the Bharat Benz production volume is not reported by SIAM*  
*Source: SIAM and CRISIL Research*

### Key growth drivers

#### PVs

- As per CRISIL Research's assessment, demand for PVs is expected to increase at a CAGR of 9-10% over Fiscals 2021 to 2026.

- The production-linked incentive (PLI) scheme for the automobile industry is likely to propel exports, thereby supporting demand for differential gears in India.
- Improvement in differential gear price realisation on account of a shift in consumer preference towards high-performance, larger and better-build-quality vehicles, such as compact cars and utility vehicles.
- A gradual shift in demand towards four-wheel-drive vehicles, particularly in the utility vehicle segment, will likely result in higher per-vehicle differential gear content.

## **CVs**

- As per CRISIL Research's assessment, demand for CVs is expected to increase at a CAGR of 13% to 14% over Fiscals 2021 to 2026 as the Indian economy grows approximately 7.0% CAGR over the medium term, resulting in a rise in domestic consumption and higher freight availability. The government's PLI scheme is also expected to aid freight availability as exports pick up over the medium to long term.
- The PLI scheme is likely to boost exports across vehicle segments, thereby driving demand for CVs for transportation of auto components and automobiles.
- Implementation of the Goods and Services Tax (GST) has led to an increased demand for higher-tonnage, multi-axle vehicles (MAVs) between hubs and intermediate commercial vehicles (ICVs) on spokes. Price realisation per differential gear is greater in higher-tonnage vehicles.
- The Indian government plans to invest Rs. 111 trillion in infrastructure under the National Infrastructure Pipeline over Fiscals 2020 to 2025. This is expected to drive demand for tippers and ready-mix concrete (RMC) trucks, which have a higher number of differential gears than other trucks.
- Commercial mining in India is expected to garner investments of Rs. 330 billion over Fiscals 2021 to 2028. These investments are also likely to drive purchase of mining tippers. Mining tippers have relatively high volume and value intensity of differential gears than other trucks.
- It has been observed that as the economy grows and more freight becomes available for movement in the system. In such a scenario transporter replace their older trucks with higher ton payload capacity trucks. This manifests into increasing price realisation per truck for a component supplier.
- Transporters preference is likely to increasingly shift towards four-wheel-drive trucks for long haul movement with the improvement in road infrastructure. Four-wheel-drive trucks will allow transporters to ply at higher speeds and therefore complete more trips in a month. Increase in sales of four-wheel-drive trucks will ultimately aid differential gears demand in terms of both volume and price realisation.

## **Tractors**

- As per CRISIL Research's assessment, demand Domestic tractor sales are expected to increase at a CAGR of 1.6% to 2% over Fiscals 2021 to 2026.
- Demand for high-horsepower (hp) tractors has been rising because of growing need for greater precision in farm operations, especially in areas where intensive multi-crop farming is popular. Higher-hp tractors also help farmers in mechanisation with equipment such as rotavators, rotary tillers, and cultivators. Demand for higher hp tractors and four-wheel-drive vehicles is expected to support volume demand and price realisation for differential gears going forward. Farm mechanisation is expected to further pick up in the future, led by increasing farm labour scarcity.
- Farm mechanisation is also leading to growth in sales of tractor power take-off (PTO)-operated farm implements. Differential gear components also find application in manufacturing of these farm implements.
- International tractor manufacturers such as John Deere, New Holland and Yanmar are looking at developing India as a base to export to North America and Europe, which primarily use higher hp tractors. Higher hp tractors have relatively higher differential gear price realisation.



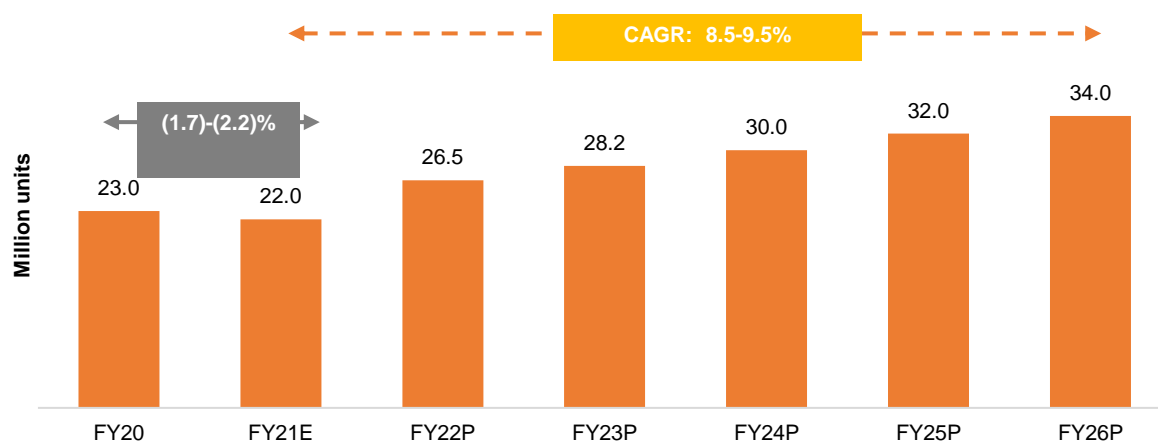
## Key other growth drivers

- Indian government has also allocated Rs. 570 billion under PLI scheme to auto sector to boost automobile and auto component exports from India. Therefore, auto component manufacturers with export focus are likely to benefit from this scheme in future.
- Trade liberalisation in western markets led to emergence of Asia as export hub for Europe, North and South America region over the past decade. While major economies like China, Malaysia, Thailand, India and Indonesia saw increase in export to west, China gained a greater prominence as an export hub among Asian economies. However, as COVID-19 pandemic hit the globe, global supply chains got severely impacted due to high dependence on China for several raw materials and intermediates including auto components. Therefore as global economies revive from the pandemic shock, there is a greater focus by global OEMs and tier I auto component suppliers on diversifying their supplier base in order to de-risk their supply chains. Supply chain realignment takes place in future, several countries including India are likely to benefit in terms of greater opportunity in export markets. Therefore, auto component companies in India especially the ones with greater focus on export markets stand to gain on this account in the near future.

## Indian differential gears market outlook

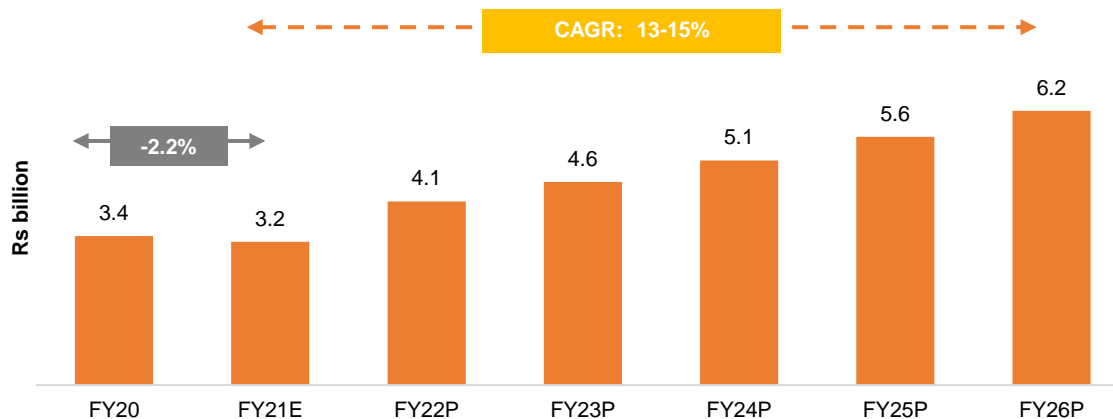
According to CRISIL Research, the differential gears market in India is expected to expand at a CAGR of 8.5% to 9.5% to Rs. 33 to 35 million units by Fiscal 2026. The market is estimated to be worth Rs. 6.0 to 6.5 billion in Fiscal 2026. In a scenario where component manufacturers supply all differential gears as assemblies to vehicle manufacturers, CRISIL Research expects the market to be worth Rs. 8 to 8.5 billion by Fiscal 2026. Vehicle manufacturers are likely to outsource differential gear assembly to component suppliers gradually going forward.

### Indian differential gears market (million units), Fiscals 2020-2026



Note: Gears market is exclusive of gear demand from Bharat Benz as the Bharat Benz production volume is not reported by SIAM  
Source: SIAM and CRISIL Research

### Indian differential gears market (Rs. billion), Fiscals 2020-2026

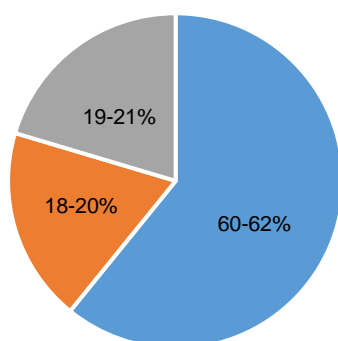


*Note: Gears market is exclusive of gear demand from Bharat Benz as the Bharat Benz production volume is not reported by SIAM*  
*Source: SIAM and CRISIL Research*

PVs are expected to account for 60% to 62% of the Indian differential gears market (by volume) by Fiscal 2026, followed by CVs (approximately 18% to 20%) and tractors (approximately 19% to 21%). By value, PVs are expected to account for 40% to 42% of the market in Fiscal 2020, followed by CVs (33% to 35%) and tractors (24% to 26%). PV EV differential gears market is estimated to garner 2.5% to 3% value share in overall PV differential gears market by Fiscal 2026 from approximately 0.1% in Fiscal 2020.

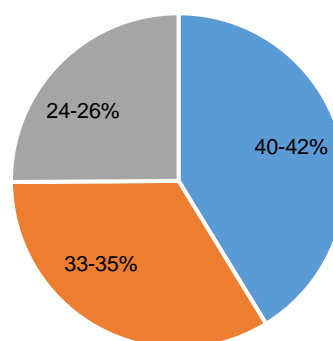
**Differential gears market in India, by vehicle segment**

**FY26: 34.0 million units**



**Differential gears market in India, by vehicle segment**

**FY26: Rs. 6.2 billion**



Passenger vehicles

Commercial vehicles

Tractors

*Note: Gears market is exclusive of gear demand from Bharat Benz as the Bharat Benz production volume is not reported by SIAM*  
*Source: SIAM and CRISIL Research*

### Competitive Scenario

In the PV segment, a few OEMs such as Hyundai Motors, Honda Cars, and Toyota Kirloskar Motor have supply tie-ups with auto component suppliers, which are subsidiaries or affiliates of respective vehicle manufacturers. Differential gear requirement of these OEMs is largely met through imports. Sona Comstar, Sundram Fasteners, and India Pistons are the key manufacturers of differential gears in India. Sona Comstar is the largest manufacturer of differential gears for PVs, with an estimated market share of 55% to 60%.

Sona Comstar, American Axle, Meritor and Dana are the leading suppliers of differential gears for CV manufacturers in India. Sona Comstar is the largest manufacturer of the CV segment differential gears with estimated 80-90% market share.

Sona Comstar is also the largest supplier of differential gears for tractor manufacturers in India, with an estimated market share of 75% to 85%. Rest of the tractor OEM demand for differential gears is met through in-house manufacturing by tractor OEMs or through players like New Allenbery, Punjab Bevel Gears, GNA, Bharat Gears etc. Sona Comstar is the largest manufacturer of differential gears in India for PV, CV and tractor OEMs.

### Brushless DC motors (BLDC) market for electric two wheelers in India

Electric motors convert electrical energy into mechanical energy. BLDC is one such type of electric motor.

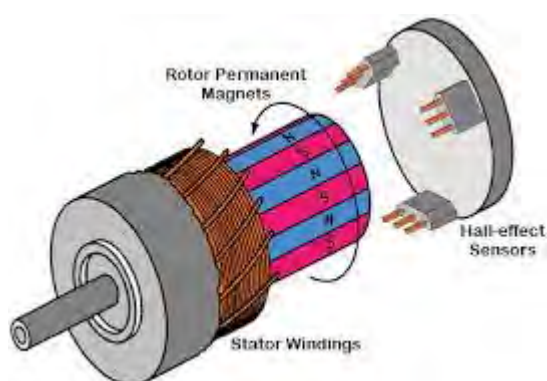
There are two basic types of BLDC motors

- Out runner, where stator is fixed and outside, and the inner rotor rotates and provides motion
- In runner, where stator is fixed and inside, and the outer rotor rotates attached with the wheel and provides motion

Standard out runner type BLDC motor consist of:

- Rotor
- Stator

c. Position or Hall sensors



In BLDC, permanent magnets are attached to the rotor. Depending on the application, the number of poles can vary between two to eight with north and south poles being placed alternately.

Stator is made of stacked steel laminations with axially cut slots for winding. Generally, most BLDC motors consist of three stator windings.

Since there are no brushes in brushless DC motors, the commutation is electronically controlled. In order to rotate the motor, windings of the stator must be energized in a sequence and the position of the rotor

(North/South) must be known precisely to energize a particular set of windings. During operation of a BLDC motor, controller using position sensors excites pattern of windings in a particular order. Current passes through the coil; it generates a magnetic field, which attracts the rotor magnet. Immediately after the next winding is excited, and it begins attracting the rotor magnet. Rotational motion is achieved through the shaft attached with the rotor.

### Review of BLDC motors and other electric motors industry in India

Primarily in India, two types of electric motors are used in electric two wheelers:

- BLDC motors.
- PMSM (Permanent magnet synchronous motion) motors.

Construction wise PMSM is similar to BLDC motors. Major difference, is that BLDC motors is used with direct current (DC), whereas PMSM is used with Alternating current (AC). Normally electric motors are coupled with motor controllers and are mostly sold in tandem. Major advantages of PMSM motors is that they are more compact in size, have higher power efficiency, but require a more complex motor controller. Electric two-wheeler model, which are exclusively in the performance space, may shift to this medium in the long term. As per CRISIL Research assessment, PMSM type of electric motors are not expected to gain meaningful traction in India over Fiscals 2021 to 2026 due to cost competitiveness of BLDC motors.

BLDC motors in use in electric two wheelers can be broadly classified into three peak power ratings:

- < 3 kW
- > 3 kW & < 6kW
- > 6kW

Large OEM's are contributing 16% of the electric two-wheeler industry. Smaller players having annual sales less than 800 units dominate remaining share. Large OEM's have introduced motors in the market in the 3-6 kW power rating. Smaller players have units with ratings less than 3 kW, since most of them are low powered lead acid based platforms. PMSM motors are also starting to make an introduction in the Indian market.

### Market skew relative to peak power (kW) of BLDC motor for Fiscal 2021

Motor type	< 3 kW	>3 kW & <6 kW	> 10 kW	Total
Market Share	~80-84%	~15-20%	~0-1%	100%

Source: CRISIL Research

CRISIL Research estimates the size of the BLDC market in India catering to original equipment manufacturers (OEMs) at 139-141 thousand units in Fiscal 2021. BLDC market in value terms is estimated at Rs. 360–370 Million in Fiscal 2021.

### **Key growth drivers for BLDC motors in India for electric two wheelers**

- Demand for electric two wheelers is expected to grow at CAGR 72-74% over Fiscals 2021 to 2026.
- Improvement in BLDC realisations on account of shift in consumer preferences towards high performance, bigger and better powerful quality vehicles.
- FAME II amendments and PMP scheme.
- Production Linked Incentive (PLI) scheme for automobile industry is likely to benefit export focused auto component manufacturers.

#### ***Demand for electric two wheelers is expected to grow at CAGR 72-74% over Fiscals 2021-2026***

Electric two-wheeler market is set to continue its exponential growth rate to reach 2.1 million to 2.2 million units in Fiscal 2026. Major reasons for the growth would be the decreasing battery prices, which would make e2W more affordable and make it cost ownership positive over equivalent ICE variant. Primary traction motor to be used would be of BLDC type because of easy construction, domestic capability.

#### ***Improvement in BLDC realizations because of shift in consumer preferences towards high performance, improved powerful quality vehicles***

CRISIL Research estimates that there would be significant shift from low speed electric vehicle to high-speed electric vehicles. Currently 90% electric two-wheeler market is dominated by low speed variants; this is expected to decline to 54% of the market in Fiscal 2026. Improvement in power ratings would increase price realization per vehicle for BLDC motor suppliers.

#### ***FAME II amendments and PMP scheme***

FAME II demand incentives for lithium battery electric vehicles are necessary to lower the acquisition cost of electric two-wheeler. Continuation of demand subsidy is a major factor for increasing adoption. Government of India has also made amendments to clauses pertaining to qualification criterion of OEMs who can claim demand incentive. These amendments include localization of parts, failing which FAME II linked demand incentives will not be provided to the model. Another major amendment of increasing basic custom duties on BLDC motors will also deter cheap imports. FAME II amendment and PMP scheme are likely to benefit domestic EV auto component manufacturers actively working on localizing critical EV components. The policies will benefit component manufacturers to quickly achieve scale and to cater to the export markets.

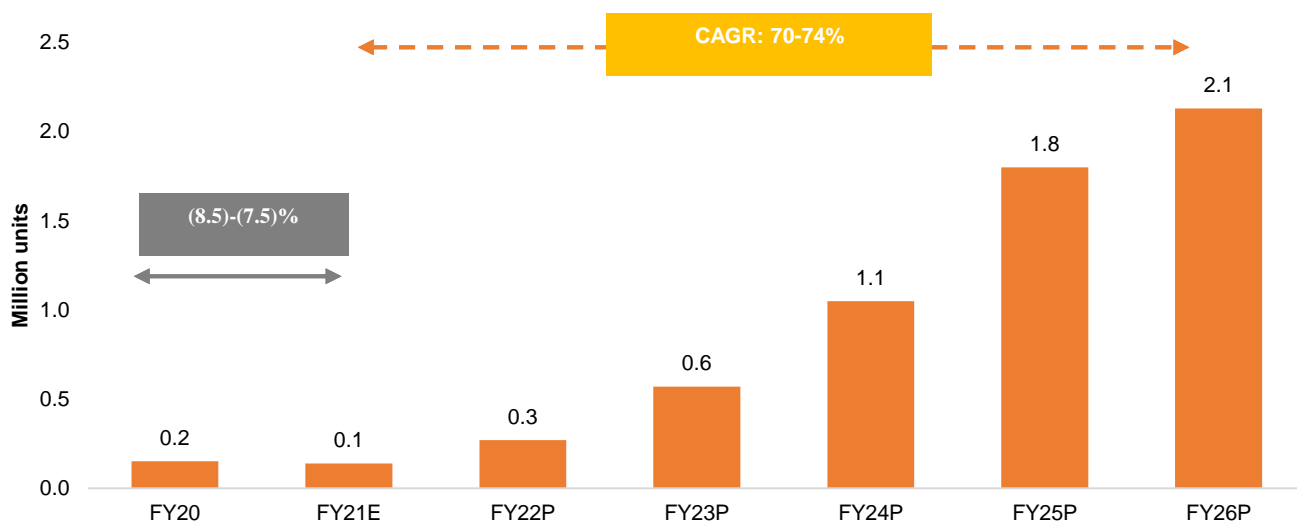
#### ***Production Linked Incentive (PLI) scheme for automobile industry is likely to propel exports, thereby supporting demand for BLDC motors in India***

Indian government has also allocated Rs. 570 Billion under PLI scheme to auto sector to boost automobile and auto component exports from India. Therefore, auto component manufacturers with export focus are likely to benefit from this scheme in future.

### **Outlook of BLDC motors market in India**

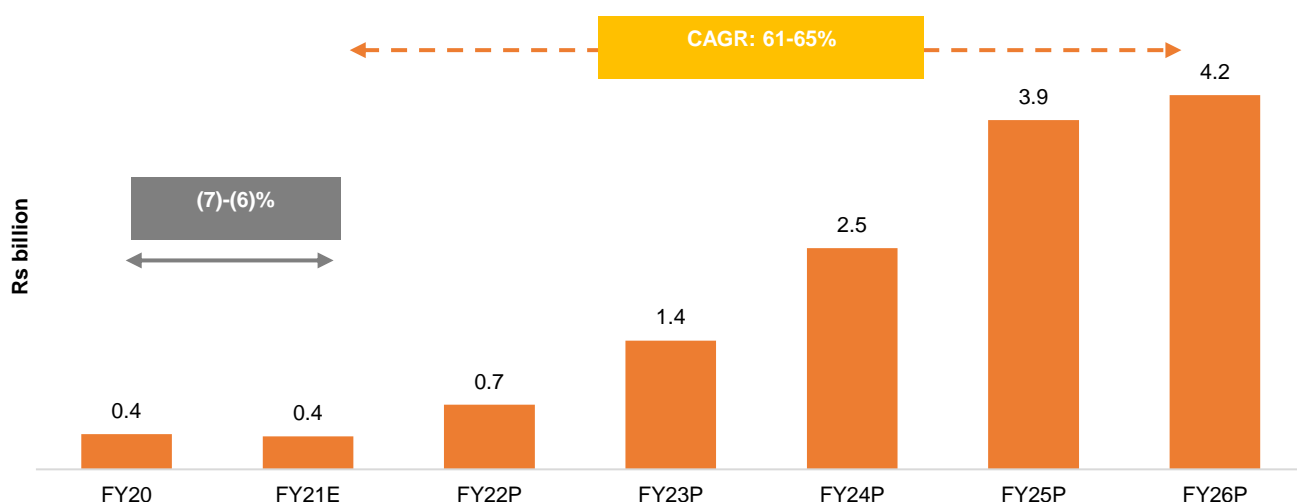
CRISIL Research estimates the size of the BLDC market in India to grow at 70% to 74% CAGR to between Rs. 2.0 million to 2.2 million units by Fiscal 2026. BLDC market for electric two wheelers in value terms is estimated at between Rs. 4.0 billion to 4.4 billion in Fiscal 2026.

### **Indian BLDC motor market for electric two wheelers (million units), Fiscals 2020-2026**



Note: E - Estimated; P - Projected  
Source: SMEV, CRISIL Research

### Indian BLDC motor market for electric two wheelers (Rs. billion), Fiscals 2020-2026



Note: E - Estimated; P - Projected  
Source: CRISIL Research

### Competitive scenario

Before the introduction of revised amendments in FAME II scheme, majority of electric vehicle auto components including electric motors used to be imported from markets, which are ahead of India in technological adoption.

DHI through FAME amendments made major amendments mandated localization norms as precursor for availing subsidy. As of April 1, 2020, amongst other clauses, vehicles, which have electric motor made locally, would be eligible to receive demand incentive. Due to the impact of coronavirus pandemic on the EV industry, deadline for local manufacturing to be eligible for incentives under FAME II scheme has been extended until April 1, 2021. Second major amendment was on import duty on BLDC motor, it would increase from April 2021 onwards from current 0% to 15%. Third amendment was to specify warranty norms for parts on electric two wheelers to 3 years / 20,000 kms from the existing one year.

All the three amendments meant that OEM's now have to source domestically. COVID-19 and other geopolitical risks to the supply chains also emerged as a key issue in Fiscal 2021. All these reasons combined to give a much-needed fillip to the domestic capability building in electric vehicle auto component space.

As per CRISIL's interactions, 30-40% of the < 3kW electric motors are still being imported in the country. These motors are typically used by smaller e2W manufacturers who are not covered under FAME scheme. Major organized suppliers for BLDC motors in India include the likes of:

- Mahle Auto Electrical drives
- SEG Automotive
- Sona Comstar
- Lucas TVS

According to Ricardo, BLDC motor market in India is largely driven by 2/3Ws in the next 5 years as the extent of electrification is expected to be high in both the segments. Within the e-2W segment, BLDC motors will be predominantly used in an estimated approximately 90% of the units sold primarily due to its low cost and availability of technology. Similarly, in the e-3W segment, e-rickshaws (Passenger and cargo) will employ BLDC motors with an estimation of approximately 95%.

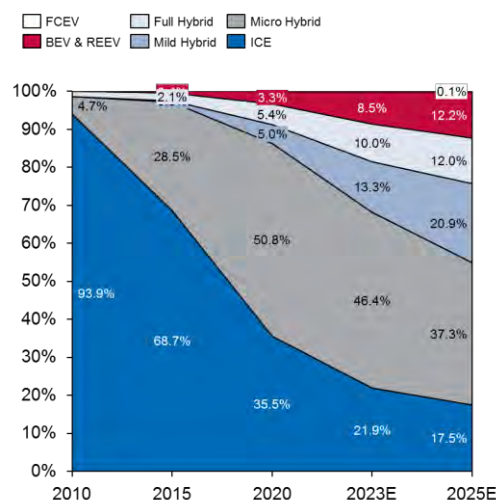
BLDC type motor dominates the e-2W segment while very few players like Ather use PMSM type motor. In terms of the transmission type, frame mounted along with belt drive is employed in Ather 450x, Revolt RV400, Bajaj Chetak while other vehicles feature hub motors.

Leading BLDC suppliers for 2W/3W segment include Lucas TVS, Sona Comstar, Virya Mobility, EMF Innovations, Compageauto etc. Also, several E-2W/3W OEMs in India are importing BLDC machines from Chinese suppliers which is a highly fragmented market.

On PMSM Motors, the current supplier available in India is only Mahle Electric Drives.

## GLOBAL MARKET SIZING AND OUTLOOK FOR RELEVANT AUTO COMPONENT SEGMENTS

### Starter Motor Market



Source: Ricardo analysis, Public Domain

Propulsion	Architecture	Starter
ICE	Conventional	✓
MHEV	P0	✓
	P1	✗
	P4	✓
HEV (includes PHEV)	P1	✗
	P2	✓
	DHT	✓
	P4+ (P0 & P4)	✓
	P4+ (Others)	✗
BEV	P4	✗

A traditional ICE vehicle or and ICE vehicle with start-stop feature will require a 12v starter motor in-order to crank the ICE. Mild Hybrids, other than a P1 configuration are expected to require a 12v starter motor. Full hybrids will continue to need a 12v starter motor to crank the ICE. Given there is no ICE engine in BEVs, the need for a 12v starter motor is eliminated.

In 2015, global passenger vehicle production stood at approximately 86 million units. During calendar year 2015, the proportion of pure ICE and micro hybrid (12v start-stop) vehicles produced accounted for approximately 97% of total passenger vehicles. The penetration of BEV in C calendar year Y 2015 was very limited and mild-hybrid (mainly P0) and full hybrids accounted for approximately 2.5% of the overall propulsion split.

Hence, the overall volume of starter motors produced in 2015 was approximately 85.6 million units. Of the total volumes, the volume of starter motor associated with pure ICE (non-EV related) in calendar year 2015 was approximately 58.9 million units. The volume of starter motor associated with EV related products (micro hybrids, full hybrids and plug-in hybrids) in 2015 was approximately 26.7 million units

However, between calendar year 2020 to 2025 the population of pure ICE passenger vehicles and micro hybrid (12v start-stop) is expected to decline from 86% to approximately 55%. While there is a decline, there is still significant volumes (approximately 50 million unit of passenger vehicles) that would require a starter motor in calendar year 2025.

Between calendar years 2020 to 2025, proportion of mild hybrids and full hybrids is estimated to increase from approximately 10% to approximately 33%. In mild hybrid applications, Ricardo expects P0, P4 to be dominant configuration with very limited volumes of P1. Post 2025, there is a potential for BSG (Belt Starter Generator) systems to act as a starter motor and hence replace the traditional 12v starter motors in mild hybrids with P0 configuration. However, this will primarily be driven by advancements in the belt technology.

The proportion of BEVs is expected to increase from approximately 3% in calendar year 2020 to approximately 12% in calendar year 2025. Given there is no ICE engine in BEVs, the need for a 12v starter motor is eliminated.

In calendar year 2020 the total volumes of starter motor produced globally is estimated to be approximately 68 million units. Of the total volumes in calendar year 2020, the volume of starter motor associated with pure ICE (non-EV related) in calendar year 2020 was approximately 24.9 million units. The volume of starter motor associated with EV related products (micro hybrids, full hybrids and plug-in hybrids) in calendar year 2020 was approximately 43 million units.

Assuming the price of a standard 12v starter motor to be \$38 per unit and a start-stop starter motor to be \$44 per unit Ricardo estimates that in calendar year 2020, the total market for starter motors (in value terms) was approximately \$2.8 billion.

Ricardo expects the market to grow by approximately 3% CAGR between calendar years 2020-2025 and reach production volumes of approximately 80 million units. Of the total volumes in calendar year 2025, the volume of starter motor associated with pure ICE (non-EV related) in calendar year 2025 is expected to be approximately 16 million units. The volume of starter motor associated with EV related products (micro hybrids, full hybrids and plug-in hybrids) in calendar year 2025 is estimated to be approximately 64 million units.

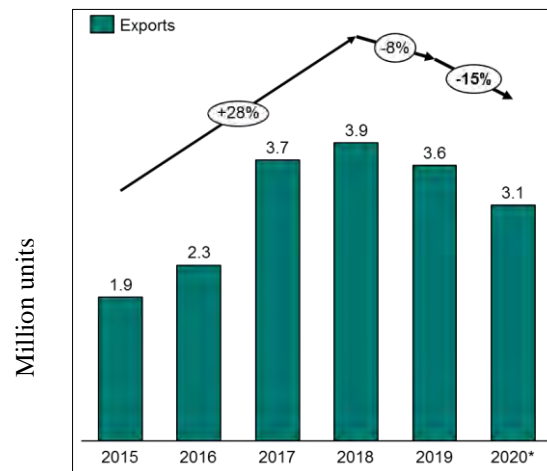
Assuming the price of a standard 12v starter motor to be \$35 per unit and a start-stop starter motor to be \$39 per unit Ricardo estimates that in calendar year 2025, the total market for starter motors (in value terms) would be approximately \$2.9 billion.

The volumes estimated are for OE sales only and does not include any aftermarket volumes.

Globally across all segments (Passenger Vehicles, Commercial Vehicle, Tractors) key competitors for Sona Comstar include Denso, Borg Warner, SEG Automotive, Hitachi, Valeo etc. Given Sona Comstar exposure to the passenger vehicle segment (which also happens to be the largest segment for starter motors) Ricardo expects Sona Comstar (with market share of approximately 3%) to be among the top ten global starter motor suppliers.

Sona Comstar's global market share of starter motors has increased from 2.5% in calendar year 2019 to 3% in calendar year 2020.

## Starter Motor Market – India Exports



Source: Ricardo Analysis, Public domain information

Starter Motor exports registered a YoY decline of approximately 15% reaching approximately 3.1 million units in calendar year 2020. Lockdown due to COVID-19 in Q2 2020 led to plant closures and hence fall in exports. Once lockdown was lifted (in phases), export volumes during July to December 2020 period increased by approximately 50% over January to June 2020.

Sona Comstar and SEG Automotive are two of the largest starter motor exporters from India with a combined market share of 70%.

Lucas TVS exported approximately 120,000 starter motors per annum for PV OEMs. Spark Minda, Auto Ignition, Mahle together export approximately 120,000 starter motors per annum catering to off-highway segments.

## Belt-Driven Starter Generator



Source: Image Public domain

The mild hybrid market from 2015 through to 2020 has pre-dominantly been dominated by 48V systems. The mild-hybrid market was approximately 0.3% of the total vehicles produced in 2015 amounting to approximately 255,000 units and growing to approximately 5% of the total vehicle production in 2020 to approximately 3.5 million units. Of these, a dominant share of 95% was 48V BSG systems in 2015 and an estimated share of approximately 92% in 2020 resulting in absolute volumes of approximately 242,000 units and approximately 3.2 million units in calendar year 2015 and calendar year 2020 respectively.

In 2020, Europe led the BSG sales with approximately 1.3 million units followed by China at approximately 870,000 units. The rest of the volumes included approximately 770,000 units in Japan and Korea and approximately 256,000 units in North America. Going forward, in the mild hybrid segment the proportion of other configurations (P1 and P2) is expected to increase primarily due to the fuel consumption/CO2 benefits and the current estimate is that that this is likely to reduce the proportion of the BSG units to approximately 60-65% (from 92% in 2020).



The mild hybrids are estimated to make up approximately 21% of the total vehicle sales in calendar year 2020 (91.5 million) which amounts to approximately 19.2 million vehicles. Using a conservative estimate of 60% the BSG units in calendar year 2025 are estimated to grow to approximately 11.5 million units with a CAGR of 3% (from 3.2 million in calendar year 2020).

China and Europe are expected to lead the BSG market in 2025 with approximately 4.3 million units and 4.1 million units respectively primarily driven by stringent CAFE norms in Europe and NEV regulations in China. Japan and South Korea are expected to have approximately 1.9 million units while North America is estimated to consume approximately 1.3 million units of BSG.

In addition to the mild hybrids, the full hybrid BSGs are estimated to have accounted for an additional approximately 400,000 units in 2020 and are estimated to grow to approximately 770,000 in 2025.

In summary, bringing all of this together, the estimated BSG units in 2020 is approximately 3.6 million and approximately 12.27 million units in 2025 representing an overall CAGR of 28%

From a value perspective the overall size of the BSG market in 2020 was estimated to be \$0.75 billion (assuming unit price of BSG to be \$235) and is expected to reach approximately \$1.8 billion in 2025 assuming BSG unit price will be approximately \$150.

Key competitors in the 48V BSG segment are Valeo, SEG Automotive, Continental, Hyundai Mobis. Valeo is a market leader in this space.

### **High Voltage Traction Motors**

Traction motors predominantly find applications in BEV (Battery Electric Vehicles), Full Hybrids & Mild Hybrid application.

In BEV, traction motors are prime movers and located in the front/rear or both depending on the vehicle configuration. In case of Full hybrids, traction motors are primarily used in dedicated hybrid transmissions and/or in combination with electric rear axle. This section primarily focuses on the high voltage traction motors that drive BEVs.

In calendar year 2015 the total volume of passenger vehicle BEVs produced was approximately 0.35 million units. 96% of the BEVs produced had traction motor on either the front or the rear axle while approximately 4% of the BEVs had traction motors on both axles. Given this the total volumes of traction motor produced in 2015 was approximately 0.36 million units.

In calendar year 2020 the total volume of passenger vehicle BEVs produced was approximately 2.3 million units. 75% of the BEVs produced had traction motor on either the front or the rear axle while approximately 25% of the BEVs had traction motors on both axles. Given this Ricardo estimates that total volumes of traction motor produced in 2020 was approximately 2.9 million units.

Currently the traction motors are in the 60-110kw power range while the higher end traction motors (Tesla Model 3) are in the 190kw range. Assuming an average size of 100kw motor, and a price of \$14/kw the current market price for an 100kw traction motor with inverter is estimated to \$1400 per unit. Hence, the total size of the traction motor market for BEVs is estimated to be \$4 billion.

In calendar year 2025 the total volume of passenger vehicle BEVs produced is expected to be approximately 11 million units. 65% of the BEVs produced had traction motor on either the front or the rear axle while approximately 35% of the BEVs had traction motors on both axles. Given this Ricardo estimates that total volumes of traction motor produced in 2025 is expected to be approximately 15 million units.

In 2025, Ricardo expects the traction motors to be in the 110-200kw power range while the higher end traction motors will be in the 250-300kw range. Assuming an average size of 150kw motor, and a price point of \$10/kw Ricardo estimates the market price for an 150kw traction motor with inverter in calendar year 2025 to be \$1,500 per unit. Hence, the total size of the traction motor market for BEVs is estimated to be \$22.5 billion.

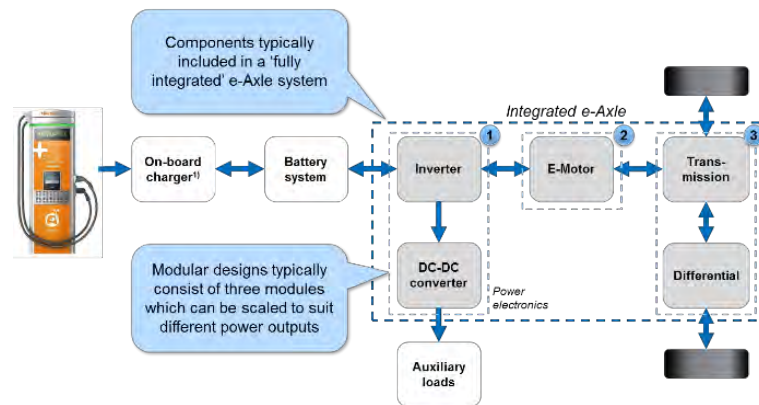
Between 2020-25 the BEV market sized from a value perspective is growing at approximately 41% compared to the growth in volume perspective.

Between 2020 to 2025 the market for traction motor is expected to grow to a CAGR of approximately 39%.

Key global players in the high voltage traction motor segment include Bosch, Valeo-Siemens, GKN, Schaeffler, LG, Hitachi, Borg Warner, ZF etc.

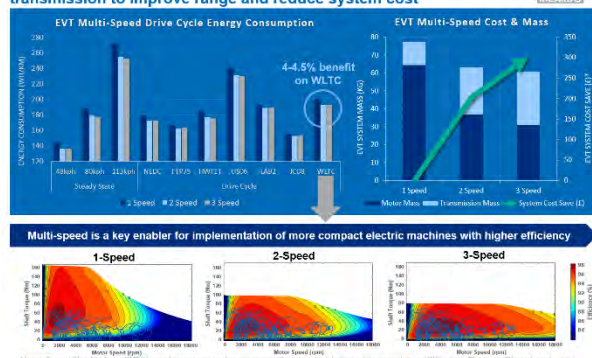
## Trends in Electric Drive Units

A 'fully integrated' e-Axle typically includes a motor, inverter and transmission. Most also integrate DC-DC and differential into the unit.



## Multi Speed Electric Drive Units

Potential opportunity to combine motor and multi-speed transmission to improve range and reduce system cost



Move from single to multispeed Electric Drive Units is a key factor in reducing BEV system costs. The majority of BEVs currently available on the market utilize single speed Electric Drive Units (EDU). Many of these vehicles have significant high load and high-top speed capability, driving the need for large electric motors that are operating at poor levels of efficiency. Introduction of additional gear ratios into the EDU makes a compelling argument, allowing the motor to spend time in a more efficient operating condition for a broader range of use cases. Improved operating efficiency allows OEMs to employ smaller electric motors and reduce battery pack size to save cost and weight whilst achieving the same range

The trend from major suppliers is towards a modular and/or scalable approach, creating a compact integrated unit with a range of outputs

- **ZF Electric Axle Drive**
  - Power: up to 150 kW
  - Torque: 380 Nm
  - Speed: 13,000 rpm
  - Integrated unit: e-Motor, PE & gearbox
  - Shared housing between e-Motor & gearbox
  - Integrated Cooling of PE and e-Motor
  - Uses ASM e-Motor
- **Bosch strat-up E-axle**
  - Power: 50-300 kW
  - Torque: 100-600\* Nm
  - Speed: 16,000 rpm
  - Integrated unit: e-Motor, PE & gearbox
  - High scalability & manufacturing flexibility
  - Reduced copper cables, simplified cooling & no bearings

## Global market for Differential Assemblies & Differential Bevel Gears

### Passenger Vehicle

Drive Type	No of differential assemblies	No of differential bevel gears
Front Wheel Drive (FWD)	1	4 (differential bevel gears)
Rear Wheel Drive (RWD)	1	4 (differential bevel gears)
Part-Time AWD	2	8 (differential bevel gears)
4WD/AWD (Full time AWD)	2	8 (differential bevel gears)

Source: Ricardo Analysis

In calendar year 2015, Ricardo estimates that approximately 59% of the passenger vehicles produced were Front Wheel Drive (FWD) while approximately 10% of the vehicles were Rear Wheeled Drive (RWD). Both FWD & RWD would have one differential assembly per vehicle. Given this Ricardo estimates that in calendar year 2015, the total volumes of differential produced for FWD & RWD passenger vehicles were approximately 59 million units.

The proportion of Part time AWD and Full time AWD passenger vehicles accounted for approximately 31% of the passenger vehicles produced in calendar year 2015. Each of these drive configurations would require two differential assemblies (one on front axle and one on rear axle) to offer the ability to steer wheels on each axle in case power to transferred to the same. Based on this Ricardo estimates that in calendar year 2015, the total volumes of differential produced for Part time AWD and Full time AWD passenger vehicles were approximately 53 million units.

Hence, the total volumes of differential assemblies produced in calendar year 2015 for passenger vehicles is estimated to be approximately 112 million units.

In calendar year 2020, Ricardo estimates that approximately 55% of the passenger vehicles produced were Front Wheel Drive (FWD) while approximately 8% of the vehicles were Rear Wheeled Drive (RWD). Given this Ricardo estimates that in calendar year calendar year 2020, the total volumes of differential produced for FWD & RWD passenger vehicles were approximately 44 million units.

The proportion of Part time AWD and Full time AWD passenger vehicles accounted for approximately 37% of the passenger vehicles produced in calendar year 2020. Based on this Ricardo estimates that in calendar year 2020, the total volumes of differential produced for Part time AWD and Full time AWD passenger vehicles were approximately 52 million units.

Hence, the total volumes of differential assemblies produced in calendar year 2020 for passenger vehicles is estimated to be approximately 96 million units. Ricardo assumes the price of a non-BEV differential assembly to be \$40 per unit. Ricardo's assumption is that the price of a differential assembly used in BEV is approximately 25% higher compared to non-BEV vehicle given the increased NVH requirements. So, the price of BEV differential is assumed to be approximately \$50. Hence, Ricardo estimates the size of the market to be approximately \$3.9 billion.

Ricardo estimates that total differential assemblies produced for BEV were approximately 2.9 million units in calendar year 2020. Given this Ricardo estimates the size of the BEV differential assembly market in calendar year 2020 to be approximately \$145 million.

Sona Comstar's global market share of BEV differential assemblies in calendar year 2020 was 8.7%.

As popularity of Sport Utility Vehicles (SUVs) and Crossover Utility Vehicles (CUV) increases, there is a preference towards Part time AWD and Full time AWD drive types. Ricardo expects this trend to continue over the next few years with Part time AWD and Full time AWD accounting for approximately 39% of the market in calendar year 2025.

Given this passenger vehicles with FWD or RWD will decline to approximately 61% in calendar year 2025.

Hence, the total volumes of differential assemblies produced in calendar year 2025 for passenger vehicles is estimated to be approximately 127 million units indicating a CAGR of approximately 6% between calendar years 2020 to 2025.

Based on the number of BEVs produced in 2025 and expected drive configuration Ricardo estimates that number of differential assemblies produced for BEV will be approximately 15 million units. This results in a CAGR of approximately 39% between 2020 and 2025.

Ricardo assumes the price of a non-BEV differential assembly to be \$36 per unit in calendar year 2025. Their assumption is that the price of a differential assembly used in BEV will be approximately 20% higher compared to non-BEV vehicle in calendar year 2025 given the increased NVH requirements. So, the price of BEV differential is assumed to be approximately \$43 per unit. Hence, Ricardo estimates the size of the market to be approximately \$4.7 billion.

Each FWD differential would consists of four differential bevel gears. Typically, the differential is integrated into the transmission in case of FWD passenger vehicle.

While RWD differential is exactly like an FWD differential and consists of four bevel gears.

Given this Ricardo estimates that in calendar year a total of approximately 448 million bevel gears were produced globally.

For calendar year 2020 Ricardo estimates that a total of approximately 384 million differential bevel gears were produced globally. Assuming \$11.50 for a set of four differential bevel gears, Ricardo estimates that the overall size of the differential bevel gear market in value terms is \$1.1 billion.

Of the total bevel gears produced for passenger vehicles, approximately 11.6 million is estimated to be produced for BEVs in 2020.

In calendar year 2025 Ricardo estimates that the total number of bevel gears produced for passenger vehicle application increased by approximately 6% to reach approximately 508 million units. Assuming \$10 for a set of 4 differential bevel gears Ricardo estimates that the overall size of the differential bevel gear market in value terms is \$1.3 billion.

Of the total bevel gears produced for passenger vehicles, approximately 60 million is estimated to be produced for BEVs in 2025. Given above volumes, bevel gears for BEVs are expected to increase with a CAGR of approximately 39% between 2020 to 2025.

Finally, increased preference for AWD/4WD/Part Time AWD will potentially drive demand for differential assemblies and differential bevel gears.

### **Agriculture Tractor**

For calendar year 2020 the total number of differential assemblies produced in India, North America, Europe and China is estimated to be approximately 1.9 million units and total number of differential bevel gears produced in calendar year 2020 estimated to be approximately 11.2 million.

For calendar year 2025 the total number of differential assemblies produced in India, North America, Europe and China is estimated to be approximately 2.3 million units and total number of differential bevel gears produced in calendar year 2025 estimated to be approximately 13.7 million.

India is expected to see an increased uptake of AWD tractors which will potentially drive increased demand for differential assemblies and differential bevel gears.

### **Commercial Vehicle**

In 2019, the global differential assembly market (including India) for commercial vehicle was approximately 5.6 million units. In 2020 the global differential assembly market was approximately 4 million units.

In 2019, the global differential bevel gear market (including India) for commercial vehicle was approximately 48.3 million units. In 2020 the global differential bevel gear market was approximately 34.3 million units.

For 2025, Ricardo estimates based on the above, the total number of differential assemblies produced for MHCV segment will be approximately 428,000 units and total number of differential bevel gears produced is estimated to be approximately 3.8 million units.

Sona Comstar's global market share of differential bevel gears has increased from 4.5% in calendar year 2019 to 5% in calendar year 2020.

### Key Competitors – Differential Assembly and Differential Bevel Gears

In the differential assembly market, the key players include Borg Warner, JTEKT Corp, Dana, American Axle Manufacturing, GKN, Hyundai WIA Corp etc.

In the differential bevel gear market, the key competitors for Sona Comstar include American Axle, Showa Corp, Musashi Seimitsu Industries, Meritor, GKN etc. In calendar year 2020, Sona Comstar was among the top 10 players globally in the differential bevel gear market on the basis of overall volumes of differential bevel gears supplied to PVs, CVs and tractors.

### Revenue Realization

	ICE	ICE with Micro-Hybrid (Start-Stop)	ICE-Mild Hybrid	ICE-Full Hybrids	BEV (Battery Electric Vehicle)
<b>Bevel Gears</b>	100	= No change in design requirements of Bevel gear	= No change in design requirements of Bevel gear	=/+ Certain changes in design requirements of Bevel gear	+ Increased durability and NVH requirements
<b>Differential Assembly</b>	100	= No change in design requirements of differential assembly	= No change in design requirements of differential assembly	=/+ Certain changes in design requirements of differential assembly	+ Increased durability and NVH requirements
<b>Starter Motor</b>	100	+ Improved starter motor design to handle increased number of duty cycles	= No change in design requirements of starter motor	= No change in design requirements of starter motor	NA
<b>BSG (Belt Starter Generator)</b>	NA	Not Applicable (NA)	+ BSG to provide torque assist and other functionality	NA/+ May or may not have an engine with a BSG system	NA
<b>Traction Motor</b>	NA	Not Applicable (NA)	+/NA Depending on the topology there could be AN additional traction motor integrated in the TM or rear axle	++ Depending on the topology there could be one or more traction motor integrated in the transmission or the rear axle	++ Depending on the drive type there could a traction motor at front or rear axle or both axles.

Source: Ricardo Analysis

With the advent of electrification, the vehicle level bill of materials will be different to the current ICE vehicle and with it the revenue realization of various components and component suppliers is expected to undergo a paradigm shift.

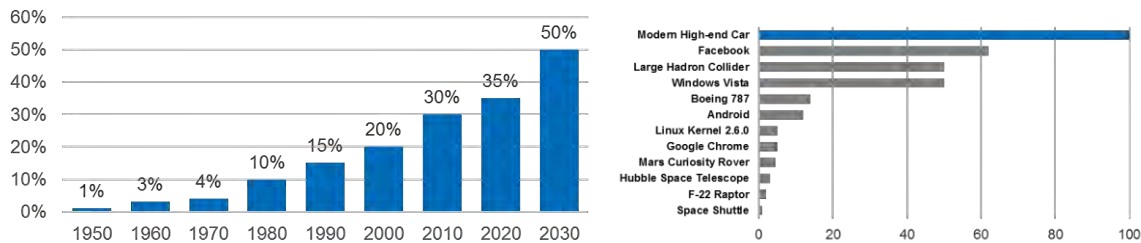
The table above illustrates how the revenue realization of the chosen components (differential bevel gears, differential assembly, starter motor, BSG (Belt Starter Generator) and Traction motors) is expected to change according to varying degrees of electrification.

The components which are a part of the base ICE vehicle are depicted with 100 to indicate the starting point and subsequently a “+” indicates an increase in revenue realization and a “=” indicates that the revenue realization is not expected to change going forward.

For example, differential bevel gears and differential assembly for BEVs and Full Hybrids would require better durability and NVH characters compared to the same in ICE vehicles. The accessibility of “instant” torque and the increased aggression of the regeneration torque, both introduce additional “work” for the differential which can result in durability issues that would not have been seen historically on a similar ICE application. A differential assembly and associated bevel gears are power source neutral. One needs a differential assembly for a pure ICE vehicle as well as a pure BEV.

According to the Deloitte 2019 Global Automotive Supplier Study<sup>4</sup>, electric drivetrain is expected to be the fastest growing segment of the entire automotive supply chain and will grow approximately four times from US\$ 14 billion in 2018 to US\$ 56 billion in 2025 globally.

### Importance of Electronics and Software



Source: Ricardo Analysis, Public domain

As BEV and Autonomous vehicles (AV) gain momentum, share of highly software and electronics determined systems and components will rise to approximately 50% by 2030. Most innovations in the BEV & AV space will be software and electronics enabled. Embedded Software and Electronics engineers are already in short supply today and this will get worse in the future. As vehicle software becomes the key differentiator, building expertise in software and electronics will become a must if suppliers need to be competitive.

### CONCLUSIONS

Globally the electrification agenda will be driven by the passenger vehicle segment given the need to meet stringent fuel economy regulations and potential ban of fossil fuel vehicles across many European countries. The Light Commercial Vehicle (LCV) segment which is primarily used for transportation of goods lends itself well to electrification given the TCO benefit. However, Medium and Heavy-duty commercial vehicles will gravitate towards natural gas and hydrogen as an alternative propulsion source.

Globally with increasing electrification, the trend is for individual component manufacturers (mechanical or electrical) to enhance their capabilities (organically or inorganically) to offer integrated system solutions. Examples include- differential/axle manufactures forming a tie up with electric motor manufacturers, or electric motor manufacturers teaming up with power electronics and/or software firms to offer seamless electric powertrain/drivetrain solutions to OEMs. As the level of integration increases, the system complexity increases, and it becomes very critical for organizations to build capabilities to handle this complexity.

Finally, limited players like GKN, Schaeffler, Bosch, Valeo and Sona Comstar are well placed to combine their motor and driveline capabilities to offer a compelling value proposition to its EV customer base. Ricardo believes that this complexity presents a unique opportunity in electrification for companies such as Sona Comstar who are committed to building capabilities and products by bringing different elements (mechanical, electrical and software) of the puzzle together under one roof.

<sup>4</sup> <https://documents.deloitte.com/insights/globalautosupplierstudy>

## KEY COMPETITORS AND BENCHMARKING OF FINANCIAL DATA

Company	2019						% EV Revenue (Oct-2020)	2015-2019 Revenue CAGR
	Revenue M, USD	EBITDA Margin %	PBT % Revenue	R&D Spend % Revenue	ROCE	ROE		
Valeo	\$ 23,372.40	13%	3%	11%	15%	7%	<2%	8%
BorgWarner	\$ 10,168.00	18%	12%	5%	18%	16%		6%
GKN Automotive	\$ 15,881.04	13%	8%	2%	8%	9%		13%
American Axle	\$ 6,531.00	15%	-8%	2%	8%	-50%		14%
Meritor	\$ 4,388.00	12%	9%	2%	23%	71%		6%
Hota Industrial	\$ 193.19	24%	12%	-	8%	-	25-35%	3%
Sona Comstar	\$ 170.81	27%	19%	3%	29%	35%		11%
Aptiv PLC	\$ 14,357.00	14%	8%	5%	8%	-	25-35%	-1%
Nidec Corp	\$ 14,734.08	13%	7%	5%	8%	-		7%
CATL	\$ 6,630.00	20%	13%	-	14%	-	100%	65%
Shenzhen Inovance Technolo-A	\$ 1,070.05	17%	14%	-	20%	-		25%
Zhejiang Sanhua Intelligen-A	\$ 1,634.31	18%	15%	-	18%	-	5-15%	14%

Source: Public Domain; Company Presentations, Bloomberg Data, Morgan Stanley Report

These companies are a representative list (not exhaustive) of the current day automotive suppliers who are global in scale and are active in conventional and electrified powertrain and driveline systems.

The average EBITDA margins reported is approximately 17% with average reported PBT being approximately 9%. R&D spend as percentage of revenue is higher for companies who are working on products involving integrated mechanical and electrical systems viz., Valeo (11%) and Borg Warner (5%). The % R&D Spend for pure play mechanical orientated systems is found to be on the lower side viz., American Axle (2%), Meritor (2%) and GKN (2%). The average R&D spend for this selection of companies in 2019 is approximately 4% of revenues.

### Summary financial indicators for key auto components players

Financial performance of auto component players has remained subdued in the past one to two years due to slowdown in the global and domestic automobile sector.

### Profitability ratios: Summary for key auto components players

Companies/Particulars	Operating income (Rs. million)		Operating EBITDA (Rs. million)	PBT (Rs. million)	PAT (Rs. million)	Operating EBITDA margin (%)	PAT margin (%)	ROCE (%)	ROE (%)	Gearing ratio
	FY20	CAGR FY16-20	FY20	FY20	FY20	FY20	FY20	FY20	FY20	FY20
<b>Key auto components players (differential assembly/ gears)</b>										
Sona BLW Precision Forgings Ltd (Consol)	12,183	10.9%	3,261	2,273	2,217	26.8	18.2	28.0	40.2	0.6
Ramkrishna Forgings Ltd	11,945	2.3%	2,087	147	97	17.5	0.8	4.8	1.1	1.2
Musashi Auto Parts (India) Pvt Ltd	9,770	0.2%	1,183	174	94	12.1	1.0	4.2	1.3	0.4
Automotive Axles Ltd	9,533	-3.8%	946	611	411	9.9	4.3	11.0	7.7	0
GKN Driveline	9,420	1.4%	1,461	835	633	15.5	6.7	19.6	13.5	0.6



Companies/Particulars	Operating income (Rs. million)		Operating EBITDA (Rs. million)	PBT (Rs. million)	PAT (Rs. million)	Operating EBITDA margin (%)	PAT margin (%)	ROCE (%)	ROE (%)	Gearing ratio
	FY20	CAGR FY16-20	FY20	FY20	FY20	FY20	FY20	FY20	FY20	FY20
American Axle & Manufacturing	6,209	24.7%	155	-148	-111	2.5	-1.8	-1.8	-3.2	0.4
Kalyani Forge Ltd	2,022	-3.1%	99	-81	-69	4.9	-3.4	-1.9	-6.5	0.3
<b>Average</b>		<b>4.7%</b>				<b>12.7</b>	<b>3.7</b>	<b>9.1</b>	<b>7.1</b>	<b>0.5</b>
<b>Key auto components players (electric drive systems/ BLDC motors)</b>										
Lucas-TVS Ltd	21,016	5.2%	1,301	1,714	1,475	6.2	7.0	16.8	14.9	0.0
SEG Automotive India Pvt Ltd*	13,884	22.3%	823	634	408	5.9	2.9	48.8	15.1	0.0
Sona BLW Precision Forgings Ltd (Consol)	12,183	10.9%	3,261	2,273	2,217	26.8	18.2	28.0	40.2	0.6
Mahle Electric Drives India Pvt Ltd	155	43.3%	-18.7	-28	-21	-12.1	-13.4	-18.9	-17.4	0.0
<b>Average</b>		<b>26.4%</b>				<b>6.7</b>	<b>3.7</b>	<b>18.7</b>	<b>13.2</b>	<b>0.2</b>
<b>Publicly listed top 10 auto-component manufacturers in India by market capitalization</b>										
Motherson Sumi Systems Ltd	634,876	14.4%	52,042	20,258	11,735	8.2	1.8	12.0	11.4	1.1
Sundaram-Clayton Ltd	180,372	9.7%	5,932	8,363	6,266	3.3	3.5	11.9	17.6	3.4
Varroc Engineering Ltd	111,429	8.9%	8,942	314	-202	8.0	-0.2	3.5	-1.0	1.9
Bosch Ltd. (India)	97,216	0.4%	13,606	10,264	6,495	14.0	6.7	11.8	7.1	0.0
Bharat Forge Ltd	81,092	4.4%	11,903	4,536	3,412	14.7	4.2	6.9	6.5	0.8
Mahindra CIE Automotive Ltd	79,169	10.4%	9,769	6,279	3,538	12.3	4.5	24.9	28.9	1.4
Endurance Technologies Ltd	69,266	7.2%	11,451	7,478	5,655	16.5	8.2	23.1	21.9	0.3
Minda Industries Ltd	54,654	21.2%	6,263	2,652	1,877	11.5	3.4	12.3	11.1	0.7
Sundaram Fasteners Ltd	37,232	3.3%	6,044	3,932	3,265	16.2	8.8	14.9	16.9	0.4
WABCO India Ltd	19,309	1.2%	2,579	2,264	1,588	13.4	8.2	12.4	8.7	0.0
<b>Average</b>		<b>8.1%</b>				<b>11.8</b>	<b>4.9</b>	<b>13.4</b>	<b>12.9</b>	<b>1.0</b>

Note: Financials reclassified as per CRISIL

NR: Not reported

\* Operating income, OPM, PAT, ROCE and ROE for FY19, CAGR for FY17-19 period

Operating EBITDA: Indicates operating earnings before interest, taxes, depreciation and amortization which takes into consideration only operating income whereas non-operating income is excluded

Operating EBITDA margin: Operating EBITDA / Operating income

PAT margin: PAT / Operating income

ROCE: PBIT/average of last two years total debt plus tangible net worth

ROE: PAT/ average of last two years tangible net worth

Gearing ratio: Adjusted total debt/ Adjusted tangible networth

Source: Company reports, MCA, Rating Rationales, company websites, CRISIL Research



### Auto component majors' R&D expenditure meagre

Research and development (R&D) expenditure of 10 listed auto component majors is very low – just over 1% of their turnover on average. However, the companies such as Bosch Ltd, Sona BLW Precision Forging and Minda Industries Ltd, have spent higher amount on R&D over Fiscal 2018 to Fiscal 2020 period.

### R&D expenditure of publicly listed top 10 auto-component manufacturers in India by market capitalization

Companies/particulars	Average R&D expenditure* (as % of turnover)	R&D expenditure FY20 (as % of turnover)
Bharat Forge Ltd	0.5%	0.6%
Bosch Ltd. (India)	3.1%	4.4%
Endurance Technologies Ltd	0.9%	0.8%
Mahindra CIE Automotive Ltd*	0.0%	NR
Minda Industries Ltd	2.0%	2.5%
Motherson Sumi Systems Ltd	0.0%	0.0%
Sundaram-Clayton Ltd	0.0%	0.0%
Sundram Fasteners Ltd	0.4%	0.5%
Varroc Engineering Ltd	0.5%	0.6%
WABCO India Ltd	0.2%	0.3%
Sona BLW Precision Forgings Ltd	2.3%	3.3%
Average	0.9%	1.2%

*Note: Average for FY18-FY20; calculated as revenue expenditure and capital expenditure classified under R&D head divided by total consolidated revenue of the company*

*\* For FY17-19 period*

*NR: Not reported*

*Source: Company reports, MCA, Rating Rationales, Company websites, CRISIL Research*

## OUR BUSINESS

*Some of the information in the following section, especially information with respect to our plans and strategies, contain certain forward-looking statements that involve risks and uncertainties. You should read the section “Forward-Looking Statements” on page 18 for a discussion of the risks and uncertainties related to those statements and the section “Risk Factors” on page 26 for a discussion of certain risks that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in, or implied by, these forward-looking statements.*

*In Fiscal 2020 our Company completed the acquisition of Comstar Entities. We have included in this Red Herring Prospectus, the Pro Forma Consolidated Financial Information (to be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Basis of Preparation of the Pro Forma Consolidated Financial Information” on page 382) as at and for the years ended March 31, 2019, 2020 and 2021, to show the impact of the acquisition of Comstar Entities on our Company, including the results of operations and the financial position that would have resulted had the acquisition of Comstar Entities been completed at a date prior to the first period presented in the Pro Forma Consolidated Financial Information. Further, the erstwhile subsidiary, SONA BV, and its subsidiaries, and the erstwhile associate, Sona Skill Development Centre Limited, have not been considered for consolidation in the Pro Forma Consolidated Financial Information. For further details, see “Financial Information – Pro Forma Consolidated Financial Information” on page 318; “History and Certain Corporate Matters – Material acquisitions or divestments of business or undertakings, mergers, amalgamations or revaluation of assets in the last 10 years” on page 208; and see “Risk Factors - The Pro Forma Consolidated Financial Information included in this RHP to reflect the acquisition of Comstar Entities is not indicative of our future financial condition or factual financial position or results of operations” on page 29.*

*Unless otherwise stated, or the context otherwise requires, the financial information used in this section is derived from our Pro Forma Consolidated Financial Information included in this Red Herring Prospectus on page 318.*

*Data included in this section in relation to certain operating metrics, financial information not otherwise included in the Pro Forma Consolidated Financial Information, and certain business information and data (such as income from sale of goods with end-use in North America, Europe, India and China, income from sale of goods from our top ten customers and income from sale of goods derived from the BEV market, among others) have been reviewed and verified by SCV & Co. LLP, Chartered Accountants.*

*Industry and market data used in this section have been extracted from the CRISIL Report and the Ricardo Report, which are paid reports and have been commissioned by us exclusively in connection with the Offer. Neither we, nor any of the BRLMs, nor any other person connected with the Offer has verified any information in these industry reports. For further details and risks in relation to commissioned reports, see “Risk Factors – Certain sections of this Red Herring Prospectus disclose information from industry reports which are paid reports and commissioned by us exclusively in connection with the Offer and any reliance on such information for making an investment decision in the Offer is subject to inherent risks.” on page 48.*

*The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Red Herring Prospectus, including the information contained in “Risk Factors”, “Industry Overview”, “Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 26, 108, 239 and 361, respectively.*

### Overview






We are one of India’s leading automotive technology companies, designing, manufacturing and supplying highly engineered, mission critical automotive systems and components such as differential assemblies, differential gears, conventional and micro-hybrid starter motors, BSG systems, EV traction motors (BLDC and PMSM) and motor control units to automotive OEMs across US, Europe, India and China, for both electrified and non-electrified powertrain segments. According to the Ricardo Report, in calendar year 2020, we were among the top ten players globally in the differential bevel gear market on the basis of overall volumes of differential bevel gears supplied to PVs, CVs and tractors. We are also amongst the top ten global starter motor suppliers based on our exposure to the PV segment and market share in calendar year 2020, according to the Ricardo Report. For further details, see “Industry Overview” on page 108. We have been gaining global market share across products to reach a share of approximately 5.0% for differential bevel gears, 3.0% for starter motors and 8.7% for BEV differential assemblies, in calendar year 2020, according to the Ricardo Report. We have nine manufacturing and assembly facilities across India, China, Mexico and USA, of which six are located in India, from where we supply our

products to six out of the top ten global PV OEMs, three out of the top ten global CV OEMs and seven out of the top eight global tractor OEMs by volume, according to the Ricardo Report. We are a global supplier and we derived ₹11,162.05 million representing 75.0% of our income from sale of goods with end-use in the overseas markets, including 36.1% (₹5,368.10 million) in North America, 26.5% (₹3,950.51 million) in Europe and 7.6% (₹1,129.64 million) in China and 25.0% (₹3,727.29 million) of our income was derived from sale of goods with end-use in India, for Fiscal 2021. We are also one of the two largest exporters of starter motors from India, according to the Ricardo Report.

We are a technology and innovation driven company. With a strong focus on research and development (“R&D”), we develop mechanical and electrical hardware systems, components as well as base and application software solutions, to meet the evolving demands of our customers. We are one of a few companies globally, with the ability to design high power density EV systems handling high torque requirements with a lightweight design, while meeting stringent durability, performance and NVH specifications, enabling EV manufacturers to enhance the vehicle range, acceleration and the overall efficiency. While BEV sales as a percentage of total global vehicle sales was 3.3% in calendar year 2020, according to the Ricardo Report, ₹2,056.98 million representing 13.8% of our income from sale of goods was derived from the BEV market for Fiscal 2021. Among the available propulsion technologies, BEV has been the fastest growing segment at a CAGR of approximately 46% between calendar years 2015 to 2020 and is expected to grow at a CAGR of approximately 36% between calendar years 2020 to 2025 with increased market penetration, according to the Ricardo Report. We have increased our sales to the EV market at a CAGR of 243.6% from ₹174.19 million in Fiscal 2019 to ₹2,056.98 million in Fiscal 2021. We currently supply differential assemblies, differential gears, EV Traction Motors to customers in US, China and India, for use in hybrid and battery electric passenger vehicles, hybrid and battery electric light commercial vehicles, electric two-wheelers and electric three-wheelers.

According to the CRISIL Report, our total operating income has grown at a CAGR of 10.9% from Fiscal Years 2016 to 2020, as compared to the average CAGR of 8.1% for the top ten listed auto-component manufacturers in India by market capitalization, in the same period. For Fiscal Years 2019, 2020 and 2021, we had EBITDA of ₹4,122.43 million, ₹3,253.55 million and ₹4,410.16 million amounting to EBITDA margin of 28.9%, 26.7% and 28.2%, respectively, average ROE of 35.6%, 35.2% and 36.4%, respectively, and ROCE of 40.3%, 29.0% and 34.8%, respectively.

The chart below describes our products and their end-use application across various powertrains and vehicle segments.

Products	Our Product Offerings Across Vehicle and Powertrain Segments					Description
	Passenger Vehicles	Commercial Vehicles	Off-Highway Vehicles	Three-Wheelers	Two-Wheelers	
 Differential Assembly	BEV & Hybrid	BEV	BEV	BEV	NA	A mechanism including gears that transmits power to the wheels differently, allowing them to rotate at different speeds while executing a turn. Differential assembly is part of the drivetrain.
	ICE	ICE	ICE	ICE		
 Differential Gears	BEV & Hybrid	BEV	BEV	BEV	NA	Gear arrangement which goes into the differential assembly
	ICE	ICE	ICE	ICE		
 Starter Motors (Micro-hybrid and Conventional)	Hybrid	Hybrid	NA	NA	NA	Micro Hybrid- An electric device that apart from cranking the engine, automatically shuts the engine to reduce engine idle time
	ICE	ICE	No presence	No presence	No presence	Conventional- An electric device required to crank the engine and provide initial starting power to the engine
 BSG	Hybrid	Hybrid	NA	No presence	No presence	Synchronous or asynchronous electric machine, which provides torque to the powertrain in motor mode and produces electricity in generator mode
 EV Traction Motors (BLDC & PMSM) and Motor Control Units	BEV & Hybrid	No presence	No presence	BEV	BEV	Synchronous Motors powered by direct current (DC) electricity to drive the electric vehicles - PMSM for BEV & Hybrid PVs, BLDC for electric 2Ws & 3Ws. Motor Control Units regulate the power given to motors for providing the torque and speed to vehicle, and it also charges battery during braking

The table below sets forth the breakdown of our income from sale of goods across our systems and components, and as a percentage of our total sale of goods for the periods indicated.

	For Fiscal Year 2019		For Fiscal Year 2020		For Fiscal Year 2021	
Sale of Goods	₹13,649.75 million		₹11,804.19 million		₹14,889.34 million	
	Sale of Goods (in ₹ million)	% of Sales of Goods	Sale of Goods (in ₹ million)	% of Sales of Goods	Sale of Goods (in ₹ million)	% of Sales of Goods
Differential Assembly	611.00	4.5%	657.85	5.6%	2,613.99	17.6%
Differential Gears	5,657.86	41.5%	4,111.20	34.8%	4,144.04	27.8%
Micro Hybrid Starter Motors	2,325.25	17.0%	3,480.40	29.5%	3,975.34	26.7%
Conventional Starter Motors	4,613.28	33.8%	3,054.50	25.9%	3,541.22	23.8%
Other Gears	317.78	2.3%	387.31	3.3%	418.75	2.8%
Others	124.58	0.9%	112.93	0.9%	196.00	1.3%

The table below sets forth the breakdown of our income from sale of goods across powertrain, and as a percentage of our total sale of goods for the periods indicated.

	For Fiscal Year 2019		For Fiscal Year 2020		For Fiscal Year 2021	
Sale of Goods	₹13,649.75 million		₹11,804.19 million		₹14,889.34 million	
	Sale of Goods (in ₹ million)	% of Sales of Goods	Sale of Goods (in ₹ million)	% of Sales of Goods	Sale of Goods (in ₹ million)	% of Sales of Goods
Battery EV	174.19	1.3%	233.59	2.0%	2,056.98	13.8%
Micro Hybrid / Hybrid	2,325.25	17.0%	3,480.40	29.5%	3,975.34	26.7%
Power Source Neutral	6,414.56	47.0%	4,923.60	41.7%	5,125.48	34.4%
ICE Dependent	4,735.75	34.7%	3,166.61	26.8%	3,731.54	25.1%

With our product offerings spanning across all types of conventional and electrified powertrains, we are one of the few automotive technology manufacturers that are well-positioned to gain from high growth industry trends as well as various initiatives introduced by the GoI to facilitate the growth of the automotive industry in India, including the recently announced ₹570.42 billion production-linked incentive scheme, which is likely to increase exports resulting in increased demand for differential gears in India, according to the CRISIL Report.

Some of the key high growth industry trends from which we expect to benefit are set forth below.

- BEVs are expected to grow at a CAGR of approximately 36% between calendar years 2020 to 2025 with increased market penetration, according to the Ricardo Report, which will be positive for us as we supply EV differential assemblies, differential gears, BSG systems and EV traction motors into this market. According to the Ricardo Report, BEV global vehicle production volume is expected to grow by five times in the next five years from 2.3 million units in calendar year 2020 to 11.2 million units in calendar year 2025. Further, revenue realization of various components is expected to change according to various degrees of electrification as stated in the Ricardo Report.

Revenue realization analysis for various components, according the Ricardo Report is set forth below. For further details, see “*Industry Overview*” on page 108.

	ICE	ICE with Micro-Hybrid (Start-Stop)	ICE-Mild Hybrid	ICE-Full Hybrids	BEV (Battery Electric Vehicle)
Bevel Gears	100	=	=	=/+	+
Differential Assembly	100	=	=	=/+	+
Starter Motor	100	+	=	=	NA
BSG (Belt Starter Generator)	NA	NA	+	NA/+	NA
Traction Motor	NA	NA	+ / NA	++	++

Source: Ricardo Report

Note: The components which are a part of the base ICE vehicle are depicted with 100 to indicate the starting point and subsequently a “+” indicates an increase in revenue realization and a “=” indicates that the revenue realization is not expected to change going forward. (Source: Ricardo Report)

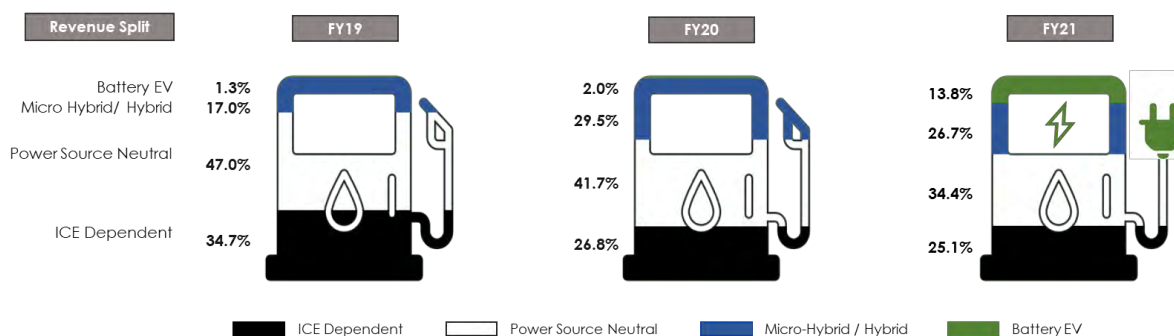
- Demand for electric two-wheelers is expected to grow at a CAGR of 72% to 74% between Fiscals 2021 to 2026, according to the CRISIL Report and the electric three-wheeler segment is expected to grow at a CAGR of approximately 46% between calendar years 2021 to 2025 to reach 400,000 units in sales, according to the Ricardo Report. We supply e-axes, BLDC motors and motor control units for use in the electric two-wheeler and three-wheeler segments.
- According to the Ricardo Report, 2030 targets for India indicate that 70% of all commercial PV, 30% of private PV, 40% of buses, 80% of two-wheeler and 80% of three-wheeler sales would be electric.
- According to the CRISIL Report, Indian CV and PV sales are expected to increase 9% to 10% CAGR and 12% to 14% CAGR, respectively, over Fiscals 2021 to 2026, with growth of 38% and 23%, respectively in Fiscal 2022. This will be positive for our differential gears business as our estimated market share of the Indian CV and PV markets is approximately 80% to 90% and 55% to 60%, respectively, according to the CRISIL Report.
- The mix of SUVs, CUVs, multi axle trucks and high powered EVs in the Indian and global PV and CV market is expected to increase according to the CRISIL Report and the Ricardo Report, leading to higher usage of differential gears per vehicle as these vehicles are AWD/4WD/multi-axle. We expect this trend to be positive for revenue growth of our differential gear business.

For further details on the growth trends and key growth drivers in the automotive industry, including government initiatives, see “*Industry Overview*” on page 108.

## Our Competitive Strengths

### *One of the leading manufacturers and suppliers to global EV markets*

While BEV sales as a percentage of total global vehicle sales was 3.3% in calendar year 2020, according to the Ricardo Report, ₹2,056.98 million representing 13.8% of our income from sale of goods was derived from the BEV market for Fiscal 2021. As a percentage of our total sale of goods, our income from sale of goods to the BEV market has grown from 1.3% (₹174.19 million) in Fiscal 2019 to 13.8% (₹2,056.98 million) in Fiscal 2021. For Fiscal 2021, ₹11,157.80 million representing approximately 74.9% of our income, from sale of goods was derived from sale of goods to BEV, hybrid/ micro-hybrid and power source neutral products.



According to the Ricardo Report, among the available propulsion technologies, BEV has been the fastest growing at CAGR of approximately 46% between calendar years 2015 to 2020. The momentum for EVs is being driven by the global recognition of the need for clean mobility, norms, targets and incentives provided by several governments to promote EV adoption, improving affordability and performance of EVs, rapid expansion of EV charging infrastructure and OEM plans for electrification. For further details, see “*Industry Overview*” on page 108.

We have been supplying differential gears in the global EV market since April 2016 and differential assemblies since 2018, and according to the Ricardo Report, our global market share of BEV differential assemblies in calendar year 2020 was 8.7%. We also design and manufacture traction motors and motor control units for electric vehicles, with PMSM motors for EV and hybrid PVs and BLDC motors for electric two-wheelers and electric three-wheelers. According to the Ricardo Report, we are one of the leading suppliers of BLDC motors in India for the two-wheeler and three-wheeler EV market. Further, we are developing a 48V BSG motor for hybrid PVs, for which we have successfully completed vehicle level demonstration for selected global OEMs. The Ricardo Report states that we are among a limited number of players who are well placed to combine our motor and driveline capabilities to offer a compelling value proposition to our EV customer base. According to the Ricardo Report, this complexity presents a unique opportunity in electrification for companies such as our Company, who are committed to building capabilities and products by bringing different elements (mechanical, electrical and software) of the puzzle together under one roof. We are committed to achieving better and stronger ESG norms as a company, and our focus on developing EV specific products to facilitate the growing electrification trend enables us to implement our ESG related commitment.

Our high power density EV systems and ability to engage with customers from concept to testing, has resulted in us being awarded 15 development programs for EV systems and components by 10 different customers as at March 31, 2021, of which active production process has commenced for eight programs and regular production is yet to commence for seven programs. The table below sets forth the details of these programs.

Sr.	Customer	Program Name	End-Customer Location**	Systems and Components	Year of Win	Year of SOP#
1	Global Tier 1 Supplier for PVs, CVs, OHVs and EVs - supplying to Global OEM of EVs <sup>1</sup>	Program A1	North America	Differential Gears	Fiscal 2016	2016
2	Global Tier 1 Supplier for PVs, CVs, OHVs and EVs - supplying to Global OEM of EVs <sup>1</sup>	Program A2	North America	Differential Gears	Fiscal 2020	2019
3	Global OEM of EVs <sup>1</sup>	Program B1	North America	Differential Assembly	Fiscal 2018	2019
4	Global OEM of EVs <sup>1</sup>	Program B2	North America	Differential Assembly	Fiscal 2020	2020
5	Global OEM of EVs <sup>1</sup>	Program B3	China	Differential Assembly	Fiscal 2021	2020
6	Indian OEM of Electric 2Ws-Scooters <sup>1</sup>	Program C	India	BLDC Motor	Fiscal 2021	2020
7	Indian OEM of Electric 3Ws <sup>1</sup>	Program D	India	E-Axle	Fiscal 2021	2021
8	Indian OEM of PVs, CVs, OHVs and EVs <sup>1</sup>	Program E1	India	E-Axle	Fiscal 2021	2021
9	North American Tier 1 Supplier for PVs, CVs, OHVs, and EVs - supplying to Global OEM of EVs <sup>2</sup>	Program F	North America	Differential Gears	Fiscal 2020	2021
10	Chinese Tier 1 Supplier for EVs - supplying to Global OEM of PVs and EVs <sup>2</sup>	Program G	North America	Differential Assembly	Fiscal 2020	2021
11	European OEM of PVs and EVs <sup>2</sup>	Program H	Europe	Differential Assembly	Fiscal 2021	2022



Sr.	Customer	Program Name	End-Customer Location**	Systems and Components	Year of Win	Year of SOP <sup>#</sup>
12	Indian OEM of PVs, CVs, OHVs and EVs <sup>2</sup>	Program E2	India	Differential Assembly	Fiscal 2020	2022
13	European Tier 1 Supplier for PVs and EVs - supplying to Chinese OEM of EVs <sup>3</sup>	Program I*	China	Differential Assembly	Fiscal 2021	TBD <sup>4</sup>
14	Indian OEM of Electric 2Ws-Motorcycles <sup>3</sup>	Program J	India	PMSM Motor and Controller	Fiscal 2021	TBD <sup>4</sup>
15	Global OEM of EVs <sup>2</sup>	Program B4	North America	Differential Assembly	Fiscal 2021	2021

# SOP means start of production.

\* Proto order received, final order to be received.

\*\* Customer location is based on the location of the OEM to whom products are supplied for end-use.

1. Active and in serial production.

2. Serial production to commence.

3. Prototype supplied, serial production to commence.

4. To be decided.

***One of the leading global companies and gaining market share, diversified across key automotive geographies, products, vehicle segments and customers***

We have nine manufacturing and assembly facilities, of which six are located in India and one each in China, Mexico and USA, as well as eight warehouses across India, USA, Germany and Belgium. Our facilities are strategically located in order to serve and prioritize our customers' needs. Our capabilities in precision-forging technology has enabled us to become one of the top ten players globally in the differential bevel gear market in calendar year 2020 on the basis of overall volumes of differential bevel gears supplied to PVs, CVs and tractors, according to the Ricardo Report.

We are also one of the two largest exporters of starter motors from India and amongst the top ten global starter motor suppliers in calendar year 2020 based on our exposure to the PV segment and market share, according to the Ricardo Report. We have increased our global market share of differential gears and starter motors to 5.0% and 3.0%, respectively in calendar year 2020 from 4.5% and 2.5%, respectively in calendar year 2019 and our global market share of BEV differential assemblies was 8.7% in calendar year 2020, according to the Ricardo Report. Further, according to the CRISIL Report, we are the largest manufacturer of differential gears for PV, CV and tractor OEMs in India, with an estimated market share of approximately 55% to 60%, 80% to 90%, and 75% to 85%, respectively.

Further, we aim to mitigate the impact of cyclical downturns in the automotive industry through our geographic diversification, together with distributed presence in PV, CV and OHV segments. We are not dependent on a single product, vehicle segment, customer or geography. For Fiscal Year 2021, we derived ₹5,368.10 million, ₹3,727.29 million, ₹3,950.51 million and ₹1,129.64 million representing 36.1%, 25.0%, 26.5% and 7.6% of our total income from sale of goods with end-use in North America, India, Europe and China, respectively. For Fiscal Year 2021, we derived 17.6% (₹2,613.99 million) of our total income from sale of goods from sale of differential assemblies, 27.8% (₹4,144.04 million) from sale of differential gears, 23.8% (₹3,541.22 million) from sale of conventional starter motors, 26.7% (₹3,975.34 million) from the sale of micro-hybrid starter motors and 2.8% (₹418.75 million) from sale of other gears, respectively. Further, for Fiscal Year 2021, PVs, CVs and OHVs contributed ₹10,189.58 million, ₹2,141.45 million, and ₹2,543.94 million representing 68.4%, 14.4% and 17.1%, respectively, of our total income from sale of goods.

We are also focused on diversification of our business through the growth of new and existing customer relationships. We supply our systems and components to leading OEMs and Tier 1 automotive suppliers in US, Europe, India and China. For Fiscal Years 2019, 2020 and 2021, income from sale of goods to our top ten customers amounted to ₹10,794.03 million, ₹9,536.74 million and ₹11,858.81 million, respectively, representing 79.0%, 80.8% and 79.6%, of our total income from sale of goods for Fiscal Years 2019, 2020 and 2021, respectively. For further details on the breakdown of our sale of goods in terms of geographic markets, systems and components, customers and vehicle segments, see “*Business – Our Operations*” below and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Key Performance Indicators and Certain Non-GAAP Measures*” on page 369.

***Strong research and development and technological capabilities in both hardware and software development***

We have developed strong in-house capabilities to deliver evolving green technologies for future mobility, with an aggregate expenditure on R&D of ₹1,563.56 million during Fiscal Years 2019, 2020 and 2021. Our R&D expenditure amounted to ₹244.04 million, ₹404.49 million and ₹915.03 million during Fiscal Years 2019, 2020 and 2021, respectively and constituted 1.7%, 3.3% and 5.8% as a percentage of our revenue from operations for Fiscal Years 2019, 2020 and 2021, respectively. In comparison, average spend of the top ten listed auto component players was 0.9% over Fiscal 2018 to Fiscal 2020, according to CRISIL Report. As at March 31, 2021, we had 186 on-roll employees engaged in R&D activities, representing approximately 15.4% of our total on-roll manpower, with 16 software engineers focused on R&D. Our R&D capabilities are further strengthened by our digital simulations, testing and validation facilities located at our three R&D centers in India (Gurugram, Chennai and MM Nagar), which are approved by the GoI's Department of Scientific and Industrial Research. They are equipped with modern facilities including, design software such as Creo, MotorSolve BLDC, ANSYS, MSC ADAMS, KISSsoft, Gear PRO, hyperMILL, Siemens Solid Edge, Siemens NX, Siemens SPEED, FRENCO, UG NX and Nastran and equipment for white light scanning, coordinate measuring machines, 3D printing, silicon molding and an electronic and endurance testing laboratory.

A critical component of all electrified systems is embedded software. According to the Ricardo Report, most innovations in the BEV and AV space will be software and electronics enabled. As vehicle software becomes the key differentiator, building expertise in software and electronics will become essential if auto-component suppliers need to be competitive. Of the R&D expenditure incurred during the Fiscal Year 2021, we invested ₹571.39 million towards building software standards, systems, and solutions. We develop the base software implementing global standards such as ASPICE, MISRA, AUTOSAR, and ISO26262. Our highly efficient Field Orientated Control (“FOC”) algorithm ensures that the motor/generator consistently operates in an efficient band, leading to significant improvements in fuel efficiency and reduction in CO2 emissions in hybrids, and higher range in EVs. Further, functional safety (“FuSa”) is a critical requirement for all electrified systems, and Cybersecurity, OBD, and over the air updates (“OTA”), have become essential. We are developing software products aligned to such market and OEM requirements. For example, our 48V BSG motor complies with OBD 2 and cyber security level 2, protecting OTA. According to the Ricardo Report, as BEVs and AVs gain momentum, the share of highly software and electronics determined systems and components will rise to approximately 50% by calendar year 2030. As a result of our strong R&D, technological and software development capabilities, we are well-positioned to become value-added partners to OEMs.

Further, for our driveline systems and components, we have developed proprietary gear design software. Our software generates micro- geometries to meet the specific requirements of our customers and allows us to design gear tooth profile with minimal constraints and high flexibility. This flexibility to modify the geometry is fundamental to our core strength of precision-forging technology, which enables us to design and make our tools and dies in-house and our precision forging process technology allows us to develop gears with higher power density, which is critical for the powertrains of EVs.

Our R&D capabilities are further supported by the intellectual property rights that we have in connection with our business. We hold assignment of license rights in relation to eight patents in USA. We have been granted one patent in USA, one patent in China and one patent in the United Kingdom and await 21 patent approvals in India. For details, see “*Our Business – Intellectual Property*” on page 192.

### ***Strong business development with customer centric approach***

As at March 31, 2021, we have been awarded 58 programs from 27 customers across our product portfolio, from customers in India and overseas, where the start of production was either during Fiscal Year 2021 or a period subsequent to Fiscal Year 2021. For further details, see the table under the heading “*Our Business – Program Pipeline*” on page 187.

We have long-standing relationships of 15 years and more with 13 of our top 20 customers. For details, see “*Our Business – Our Operations – Customers*” below. Some of our key OEM customers (in alphabetical order) include a Global OEM of EVs, a North American OEM of PVs and CVs, Ampere Vehicles, an Indian OEM of PVs, CVs and EVs, Ashok Leyland, CNH, Daimler, Escorts, Escorts Kubota, Geely, Jaguar Land Rover, John Deere, Mahindra and Mahindra, Mahindra Electric, Maruti Suzuki, Renault Nissan, Revolt Intellicorp, TAFE, Volvo Cars and Volvo Eicher. We also serve selected leading Tier 1 automotive system suppliers such as Carraro, Dana, Jing-Jin Electric, Linamar and Maschio. We participate in a lengthy and rigorous vendor selection process with our customers, which can take up to two to three years from the date of issue of a request for quote (“RFQ”), to qualify and secure business for development of a program. If we are successful in converting the RFQ process



into firm orders then it generally leads to a long term relationship with such customer as the cost to the customer of switching vendors after qualification in the RFQ process is typically high.

We engage closely with our customers from concept to delivery and aim to have all our systems and components be industry leading in their category. For example, in 2009, our engineering team together with the team of a European OEM undertook extensive study and research for creating one of the earliest variants of a hybrid vehicle, now referred to as “micro-hybrid”. This involved designing a system to automatically shut down and restart the engine to reduce idling time to achieve fuel economy and reduced CO2 emissions. We suggested innovative designs and solutions to create a system with quick engine starting and durability of 350,000 cycles as compared to then prevalent durability of 50,000 cycles. By demonstrating our in-depth R&D and engineering capabilities to the customer, we were able to win the business to manufacture the micro-hybrid system for the global market for the European OEM.

In addition to technology and collaboration in development of systems and components, we also meet regularly with our customers to review our performance in a number of other areas including quality, delivery and cost. As a result of our superior performance, technological capabilities, and our stringent manufacturing processes, we have received several awards for the quality of our systems and components and customer satisfaction from several OEMs.

The table below sets forth some of our customer awards for the quality of our systems and components and customer satisfaction.

Year	Award	Customer
2020	Exceptional support during Challenging Times (Covid-19)	Indian OEM of PVs, CVs and EVs,
2019	Quality Excellence Award	Indian OEM of PVs, CVs and EVs
2019	Superior performance in the field of Comprehensive Excellence	Maruti Suzuki
2018	Drive Customer Centricity	Dana
2018	Supplier Excellence Award- In Recognition of Partner Level Performance	TMA (John Deere)
2016	World Excellence Award – Gold	North American OEM of PVs and CVs
2011	Award of Excellence	Global OEM of PVs and CVs
2011	JLR Supplier Excellence Award	JLR

### ***Consistent financial performance with industry leading metrics***

According to the CRISIL Report, as compared to the publicly listed top ten auto-component manufacturers in India by market capitalization, we are the highest in terms of operating EBITDA margin, PAT margin, ROCE and ROE and one of the top ten auto-component manufacturers in India in terms of operating EBITDA and profit before tax in Fiscal Year 2020. For Fiscal Years 2019, 2020 and 2021, we achieved an EBITDA of ₹4,122.43 million, ₹3,253.55 million and ₹4,410.16 million amounting to EBITDA margin of 28.9%, 26.7% and 28.2%, respectively. Our average ROE was 35.6%, 35.2% and 36.4%, respectively in Fiscal Years 2019, 2020 and 2021, and ROCE was 40.3%, 29.0% and 34.8%, respectively. Our total operating income has grown at a CAGR of 10.9% from Fiscal 2016 to 2020, as compared to the average CAGR of 8.1% for the top ten listed auto-component manufacturers in India by market capitalization, in the same period, according to the CRISIL Report.

We have made substantial investments in our R&D and in building production capacities for future growth. In Fiscal Years 2019, 2020 and 2021, our capital expenditure (comprising of payments for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances) was ₹1,163.88 million, ₹2,240.59 million and ₹2,189.37 million, respectively. As at March 31, 2021, we had a strong balance sheet with equity capital (including instruments entirely equity in nature) of ₹5,729.80 million and other equity of ₹7,309.21 million. In addition, our cash flows from our operating activities (after tax) were ₹2,689.43 million, ₹3,092.42 million and ₹1,427.26 million in Fiscal Years 2019, 2020 and 2021, respectively.

Despite the overall slowdown in the global automotive sector in Fiscal Year 2020 and the impact of the COVID-19 pandemic, we were able to maintain our EBITDA margins at 28.9%, 26.7% and 28.2% for Fiscal Years 2019, 2020 and 2021. Our Pro Forma consolidated income from sale of goods amounted to ₹14,889.34 million in Fiscal 2021 as compared to ₹11,804.19 million for Fiscal 2020, representing a year-on-year growth of 26.1%.

### ***Highly experienced board of directors and management team***

We are led by a highly experienced board of directors, and a professional and experienced management team with extensive experience in the automotive industry and a proven track record of performance. Mr. Sunjay Kapur, the Chairman on the Board of our Company, has over 21 years of experience in the automotive industry. Previously, he has also served as director on the board of directors of various companies and was the managing director of Sona Koyo Steering Systems Limited (now JTKET India Limited). Mr. Kapur has extensive expertise in the automobile industry, which provides our leadership team with the vision to steer the long-term strategic direction of our business. We are further supported by an experienced board of directors with diversified expertise, which actively contributes to and participates in our strategy. Mr. Kapur is joined on the board by Mr. Amit Dixit, senior managing director and head of Asia for Blackstone Private Equity and Mr. Ganesh Mani, managing director with the private equity business group of the Blackstone Group in India. We also have strong oversight from the Independent Directors on our board which include, Mr. Jeff M. Overly, former operating partner in the Blackstone Group; Mr. Prasan Firodia, the managing director of Force Motors Limited, an Indian automotive OEM; Ms. Shradha Suri, the managing director of Subros Limited, an Indian auto-component supplier and Mr. B V R Subbu, an auto industry veteran and former president of Hyundai Motor India Limited.

Our management team is led by Mr. Vivek Vikram Singh, our Managing Director and Group Chief Executive Officer. Mr. Singh is supported by Mr. Rohit Nanda, the Group Chief Financial Officer, Mr. Kiran Deshmukh, the Group Chief Technology Officer, Mr. Vikram Verma, the Chief Executive Officer of our driveline business, Mr. Sat Mohan Gupta, the Chief Executive Officer of our electrical business, Mr. Ajay Pratap Singh, our Vice President (Legal), Company Secretary and Compliance Officer and a strong and experienced team of cross-functional professionals across senior and mid-level management.

A large number of our senior management personnel have worked with us for a significant period of time, resulting in effective operational coordination and continuity of business strategies. They have led the organization through acquisitions, development of new systems and components and pivoting the business to EV markets in the last five years. Therefore, we believe that our highly experienced and professional management team provides us a key competitive advantage. Furthermore, our shareholders include Singapore VII Topco III Pte. Ltd., which is an affiliate of funds managed and/or advised by affiliates of The Blackstone Group Inc. (collectively, “Blackstone”). Blackstone is a leading global investment firm and its asset management businesses include investment vehicles focused on real estate, private equity, public debt and equity, growth equity, opportunistic, non-investment grade credit, real assets and secondary funds, all on a global basis. Through its different businesses, Blackstone had total assets under management of over US\$ 649 billion as of March 31, 2021.

We benefit from the resources, relationships, and expertise of Blackstone. Blackstone brings deep knowledge of local markets along with global best practices in development, investment and asset management. For details on our management, see “*Our Management*” on page 213.

## **Our Growth Strategies**

### ***“Electrification” – Capturing market opportunity in the growing EV space***

The global trend towards electrification of vehicles continues to expand. According to the Ricardo Report, the key drivers of vehicle electrification include climate change and public awareness of the importance to reduce CO2 emissions and other pollutants, ban on fossil fuel vehicles by some countries, government support and fiscal incentives that support the trend towards vehicle electrification, stringent emission and fuel economy norms introduced by several countries to combat the impact of climate change and encourage alternate cleaner fuels, increasing investment in charging infrastructure for EVs and decline in battery price contributing towards adoption of EVs. Among the available propulsion technologies, BEV has been the fastest growing at CAGR of approximately 46% between calendar years 2015 to 2020 and is expected to experience increased market penetration growing at a CAGR of approximately 36% between calendar year 2020 to 2025, according to the Ricardo Report. Our product offerings span all types of electrified powertrains. Our commitment and focus towards ESG will continue increasing going forward as we plan to increase the EV share of our revenue. We seek to continue to increase our commitment and focus towards compliance with ESG norms, as we plan to increase the share of our income derived from sale of goods in the EV market. As part of our growth strategy, we plan to increase our market share in both the Indian and overseas markets by catering specifically to EV OEMs, across three product groups as follows:

- *Differential assemblies and differential gears:* The Ricardo Report states that according to the Deloitte 2019 Global Automotive Supplier Study, electric drivetrain is expected to be the fastest growing segment of the entire automotive supply chain and will grow approximately four times from US\$ 14 billion in

2018 to US\$ 56 billion in 2025 globally. Anticipating this market shift to electric mobility, we have developed our differential assemblies and differential gears with core design features that meet the demands of increasing vehicle electrification such as high power density, improved fuel efficiency and reduced weight. We have been supplying differential gears in the global EV market since April 2016 and differential assemblies since 2018, and according to the Ricardo Report, our global market share of BEV differential assemblies in calendar year 2020 was 8.7%. These efforts have led to new business awards and further position us to compete in the global marketplace. As at March 31, 2021, we had 11 EV program awards for production of differential assemblies and differential gears for supply to EV manufacturers across North America, Europe, China and India, of which five programs are currently under regular production. We expect to benefit from the growing trend towards electrified drivetrains by further increasing our customer base and expanding our share of business with existing EV customers.

- 48V BSG motor:* OEMs and suppliers are competing to develop and market new and alternative technologies that can meet future Corporate Average Fuel Efficiency (“CAFE”) norms, leading to a growth in the hybrid vehicle market. The global mild hybrid market is expected to grow by approximately four times by calendar year 2025, accounting for approximately 20.9% of the propulsion split for PVs in calendar year 2025, according to the Ricardo Report. Key global markets such as China, Europe and US have made significant commitments through stringent fuel economy and emission norms. According to the Ricardo Report, proportion of BEVs is also dictated by the NEV credit regime in the China market and China’s ambition to lead the global automotive electrification. In China, the share of mild hybrids is expected to grow from an insignificant share to approximately 25% in calendar year 2025, according to the Ricardo Report. We are responding, in part, to such shift in market demand, through the development of our 48V BSG motor for hybrid PVs with features that enable fuel savings as well as reduction in CO2 emissions which will help to meet the CAFE norms. We have successfully completed vehicle level demonstration of the 48V BSG system to selected global OEMs, and it is currently undergoing rigorous testing in compliance with international specifications. We aim to remain at the forefront of providing technologically advanced hybridization solutions through expanding our customer base for and increasing the sales of our BSG hybrid motors globally.
- EV traction motors (BLDC and PMSM) and motor control units:* With the growing market shift towards electrification of vehicles, the demand for hybrid and battery electric PVs, electric two-wheelers and electric three-wheelers is growing rapidly in India as well as globally. According to the Ricardo Report, the full hybrid market is expected to grow by approximately three times in terms of absolute volume by calendar year 2025, accounting for approximately 12.0% of the propulsion split for PVs in calendar year 2025 and the BEV market is expected to grow by around five times by 2025, accounting for approximately 12.2% of the propulsion split for PVs in calendar year 2025. Further, according to the CRISIL Report, the two-wheeler EV sales are expected to expand at a CAGR of 70% to 74% over Fiscals 2021 to 2026 and according to Ricardo Report, the electric three-wheeler segment is expected to grow at a CAGR of approximately 46% between calendar years 2021 and 2025 to reach 400,000 units in sales. Since we design and manufacture traction motors and motor control units for electric vehicles, with PMSM motors for EV and hybrid PVs and BLDC motors for electric two-wheelers and electric three-wheelers, we are well-positioned to benefit from the expected growth in the Indian EV market across all vehicle categories. We pioneered the launch and commenced supply of BLDC motors for Indian electric two-wheelers and electric three-wheelers since November 2020. As part of our growth strategy to establish market leadership in the Indian EV segment, we aim to further increase our customer penetration and acquire new customers for our traction motors and controllers.

### ***Increasing market share globally***

- Achieving significant global share from existing systems and components:* We have increased our global market share of differential gears and starter motors to 5.0% and 3.0%, respectively in calendar year 2020 from 4.5% and 2.5%, respectively in calendar year 2019 and our global market share of BEV differential assemblies was 8.7% in calendar year 2020, according to the Ricardo Report. As part of our strategy, we intend to penetrate the European market for supplying differential assemblies and differential gears, where we currently have limited market share for our driveline products. We also plan to expand our presence in China for supply of our micro-hybrid starter motors for PVs and LCVs as well as our 48V BSG systems for hybrid PVs, as we expect to benefit from China’s growing position as a leading market for EV manufacturers. As part of our growth strategy, we set-up an assembly plant in China in 2015 and Mexico in 2017, with an aim to capture higher market share in the Chinese and North American markets.

- *Benefiting from the industry trend towards multi-axle vehicle drives in India:* The automotive industry, in India, as well as globally, is experiencing a growing market preference for multiple axle vehicles, in PVs, CVs as well as tractors according to the CRISIL Report. As stated in the CRISIL Report, a light commercial vehicle (“LCV”) has six differential gears in a two-wheel-drive configuration, whereas a M&HCV has two sets of six differential gears each, along with an inter-axle differential consisting of nine gears in a four-wheel-drive configuration to support the torque requirement of respective vehicle segments. Therefore, in a four-wheel-drive configuration, M&HCV truck has total of 20 differential gears. According to the CRISIL Report, a gradual shift in demand towards four-wheel-drive vehicles, particularly in the utility vehicle segment, will likely result in higher per-vehicle gear content. We expect this trend towards preference for multi-axle vehicles to significantly increase the demand for our differential gears and aim to achieve our growth objectives by capitalizing on this shift in market preference for multiple axle vehicles.
- *Benefiting from integrated powertrain systems in EVs:* According to the Ricardo Report, we are among the limited number of players who are well placed to combine our motor and driveline capabilities to offer a compelling value proposition to our EV customer base. Integrated drive units have three key components namely, differential assembly, high voltage traction motors and high voltage inverters. Since we already manufacture electric drive motors and inverters for electric 2-wheelers and hybrid PVs, as well as differential assemblies for battery electric passenger vehicles, we are in a unique position to integrate the three key constituents of the electric powertrain into a single matched unit, offering an efficient and compact solution to EV OEMs.

#### ***Continue to focus on R&D to develop new and innovative systems and components***

According to the Ricardo Report, with the advent of electrification, the vehicle level bill of materials will be different from the current ICE vehicle and accordingly, revenue realization of various components such as differential bevel gears, differential assembly, starter motors, BSG and traction motors is expected to undergo a paradigm shift. We aim to capture the growth trend in revenue realization per component with increasing electrification by continuously investing in R&D to develop and deliver new and innovative systems and components. With our customers continuously focusing on weight reduction in EVs to enhance the range, augment the vehicle’s acceleration and improve overall efficiency, we have been developing solutions and alternatives for improving the power density and lightweighting of our differential assemblies and EV Traction Motors (BLDC and PMSM) and motor control units through our R&D efforts. With the evolving vehicle electrification trend, a key area of our focus is on integrating the powertrain and the drivetrain components by creating an integrated drive unit. Control systems and software are becoming a critical part of powertrains. We have developed extensive in-house capability to develop embedded systems and application software, along with integration capabilities to offer our customers a complete solution.

The Ricardo Report states that, we are among the limited number of players who are well placed to combine our motor and driveline capabilities to offer a compelling value proposition to our EV customer base. According to the Ricardo Report, this complexity presents a unique opportunity in electrification for companies such as our Company, who are committed to building capabilities and products by bringing different elements (mechanical, electrical and software) of the puzzle together under one roof.

Although the core of our strategy is to continue to achieve growth organically through investment in our technological capabilities, business development skills and customer relationships, we continue to evaluate inorganic growth opportunities such as acquisitions and strategic alliances that may provide us with complementary technologies that have a similar financial profile.

#### **Our Operations**

We design, develop, manufacture and supply highly engineered, mission critical systems and components to automotive OEMs across US, Europe, India and China for both electrified and non-electrified powertrain segments. With our strong focus on research and development and advanced in-house hardware and software capabilities, we develop innovative, mechanical, electrical and motor control systems and components with high power density, light weightedness, durability, efficiency and improved performance, to meet the evolving demands of customers at relatively lower costs and high margins.

#### ***Our Systems and Components***

Our systems and component offerings include differential assemblies and precision forged differential bevel gears for both electrified and non-electrified PVs, CVs, OHVs and three-wheelers, conventional and micro-hybrid starter motors for PVs and light commercial vehicles (LCVs), BSG systems, EV traction motors (BLDC and PMSM) and motor control units for hybrid and electric PVs, hybrid and electric LCVs, electric two-wheelers and electric three-wheelers.

A description of the primary automotive systems and components offered by us are as follows:

- **Differential assemblies:** We design, develop and manufacture high torque drive units (i.e., differential assembly with final gear) and different variants of differential assemblies such as, final drive assembly, sealed differential, open differential, limited slip differential and forged case differential. Some of the key design capabilities of our differential assemblies include, dynamic non-linear analysis, static non-linear analysis and differential burst test-static non-linear analysis. Our differential assemblies typically have a spherical radius of 20mm to 70mm, light weight ranging between 1kg to 15kg and undergo special processes such as induction hardening, austempering and hardening and tempering. Our pinion shafts which are used in assembly of gears have anti-seizure coatings such as manganese phosphating, electroless nickel plating, quench polish quench (QPQ), gas nitriding and diamond like coating which enables EVs to operate at higher speed. We offer differential assemblies with precision ground drive gear to meet stringent NVH requirements for EVs.
- **Precision forged differential bevel gears:** This gear arrangement uses our in-house developed advanced precision forging technology which provides our differential bevel gears with features such forged spherical involute tooth profile, optimized tooth root filleting, oil slots and net forged external splines. Our net-shaped gears provide significant advantages over conventional machine-cut gears including, superior quality, increased strength, higher durability, design flexibility, consistent uniformity, long-lasting performance and lighter weight. Further, the forged design of our gears possesses inherent strength of refined grain flow which enables increased tooth fatigue, greater load-carrying capacity and longer field life of our components. Our precision-forged gears are designed and produced with teeth profile using our proprietary software and inimitable forming process, resulting in design flexibility, uniformity in the tooth contour, repeated accuracy, robustness and long product life. Since we design and manufacture our gears in-house using our proprietary technology, including the dies used to forge our gears, and form the gears' teeth from inception instead of cutting, we utilize lower amounts of raw materials such as steel in our production process which makes our product cost-effective for our customers and provides us with a competitive advantage. Differential bevel gears are a critical component for automobiles and other wheeled vehicles as they allow transmission of power from the power source to a pair of driving wheels while allowing them to rotate at different speeds. The technologically advanced features and high performance of our differential gears facilitate their usage in passenger, heavy commercial and off-highway vehicles.
- **Conventional and micro-hybrid starter motor:** We design, develop and manufacture various series of four and six poles starter motors based on both field winding and permanent magnet design categories. Some of the key features of our starter motors include, compact and light weight design ranging between 2 kg to 5.5 kg resulting in high power output of up to 3.5 kW, modular mountings, optimized magnetics using pole shunts, hex free plating which can withstand up to 960 hours of salt spray, sealed noiseless starter, bounce free solenoids which eliminate possibilities of contact welding, ice break feature on solenoid terminals for severe cold start abilities, anti-cross thread feature, use of special greases for wide temperature range, fully sealed protection and enhanced corrosion resistance of up to 960 hours. These features result in enhanced durability with 150k to 350k starts to meet stop-start applications, increased cold cranking capability, proven reliability for long product life, design flexibility, vibration and environmental resistance to all types of customer specifications, pro-engaged reduction drive and high power to weight ratio.
- **Belt Starter Generator (BSG):** We have developed 48V BSG (P0 configuration), which is our hybridization solution for hybrid PVs and LCVs. It uses claw pole technology to meet global standards offering higher fuel economy and CO<sub>2</sub> reduction. Our BSG motors are designed to use high power density magnets leading to high power to weight ratio and higher efficiency over broad speed ranges. Some of the key features include safety features such as, over voltage short circuit and over temperature to provide safe operations, quick engine start capability and optimized machine design with DAT pulley system for energy flow during motor and generator modes. These features result in high torque performance assistance for P0 engine configuration, high energy harvesting during regeneration mode,

efficient thermal management to ensure longest possible battery life, lightweight and vibration handling capabilities which provide high quality experience for customers. We have successfully completed vehicle level demonstration of our 48BSG for hybrid PVs to selected global OEMs, and it is currently undergoing rigorous testing in compliance with international specifications.

- **Traction motors (PMSM):** We have developed a 48V PMSM motor for hybrid and BEV passenger vehicle applications which uses PM synchronous reluctance technology for P3 topology with weight ranging between 14kg to 17kg and peak power generation of 15 kw with liquid cooling.
- **Traction motors (BLDC):** We have developed 48V, 72V and 96V BLDC drive motors for electric two-wheelers and three-wheelers, which use PM synchronous reluctance technology with weight ranging between 5.2 kg to 17.5 kg and peak power generation of up to 16.5 kW. We have completed vehicle level trials and expect to launch this component by Fiscal Year 2022 both in air cooled and liquid cooled designs.
- **Motor control units:** We have developed motor controllers for electric two-wheelers, three-wheelers and PV applications using the latest software and design solutions in accordance with international standards. Motor control units control the power given to motors for providing torque and speed to the vehicle. It also charges battery during the braking of vehicle. We are developing controllers for peak power rating range from 1.2kw to 20kw and expect to launch some of these models/platforms by Fiscal Year 2022.
- **Rigid and independent e-axle:** We design, develop and manufacture e-axes for electric three-wheelers. Some of the key features of our e-axle include, optimized gear train system to minimize NVH, an e-axle structure designed for both passenger and loader applications and BLDC motor to provide excellent pick-up.
- **Tandem axle gears:** We design, develop and manufacture tandem axle gears for CVs, which are also called inter-axle differential (IAD) gears, for vehicles with more than one live axle. Some of the key features of this component include precision forged coupling, curvic tooth profiles and net forged recessed bevel tooth on integral gear which facilitates reduction of space, weight and the total bill of materials, resulting in improved quality, functionality and cost.
- **Other gears:** We also design, develop and manufacture gearbox gears, other bevel gears such as portal axle bevel gears, farm implement gears and rotavator gears and different variants of cylindrical gears such as, reverse idler gear, spur gears and mono-block gears. Some of the key features of our cylindrical gears include optimized roof design, precision forged teeth, recessed dog teeth for mono-block gears, integrated sleeve stops, back tapered tooth flank, smooth fillets, equidistant fiber flow and microstructure, which improve functionality, strength and weight of these gears.

The table below sets forth the breakdown of our income from sale of goods across our systems and components, and as a percentage of our total sale of goods for the periods indicated.

	For Fiscal Year 2019		For Fiscal Year 2020		For Fiscal Year 2021	
	Sale of Goods (₹ in millions)	% of Sales of Goods	Sale of Goods (₹ in millions)	% of Sales of Goods	Sale of Goods (₹ in millions)	% of Sales of Goods
Differential Assembly	611.00	4.5%	657.85	5.6%	2,613.99	17.6%
Differential Gears	5,657.86	41.5%	4,111.20	34.8%	4,144.04	27.8%
Micro Hybrid Starter Motors	2,325.25	17.0%	3,480.40	29.5%	3,975.34	26.7%
Conventional Starter Motors	4,613.28	33.8%	3,054.50	25.9%	3,541.22	23.8%
Other Gears	317.78	2.3%	387.31	3.3%	418.75	2.8%
Others	124.58	0.9%	112.93	0.9%	196.00	1.3%
<b>Total</b>	<b>13,649.75</b>	<b>100%</b>	<b>11,804.19</b>	<b>100%</b>	<b>14,889.34</b>	<b>100%</b>

### Customers

We serve a broad range of customers both in the Indian and overseas markets. For Fiscal Year 2021, we derived 75.0% of our income from sale of goods with end-use in the overseas markets, including 36.1% in North America, 26.5% in Europe and 7.6% in China and 25.0% of our income from sale of goods with end-use in India.

The table below sets forth the breakdown of our income from sale of goods across geographic markets, and as a percentage of our total sale of goods for the periods indicated.

	For Fiscal Year 2019		For Fiscal Year 2020		For Fiscal Year 2021	
	Sale of Goods (₹ in millions)	% of Sales of Goods	Sale of Goods (₹ in millions)	% of Sales of Goods	Sale of Goods (₹ in millions)	% of Sales of Goods
North America	5,791.49	42.4%	4,730.98	40.1%	5,368.10	36.1%
Europe	2,479.88	18.2%	2,766.93	23.4%	3,950.51	26.5%
India	4,301.53	31.5%	3,229.59	27.4%	3,727.29	25.0%
China	264.97	1.9%	257.73	2.2%	1,129.64	7.6%
Others	811.88	6.0%	818.96	6.9%	713.79	4.8%
<b>Total</b>	<b>13,649.75</b>	<b>100%</b>	<b>11,804.19</b>	<b>100%</b>	<b>14,889.34</b>	<b>100%</b>

Our global OEM customer portfolio (in alphabetical order) includes a Global OEM of EVs, a North American OEM of PVs and CVs, Ampere Vehicles, an Indian OEM of PVs, CVs and EVs, Ashok Leyland, CNH, Daimler, Escorts, Escorts Kubota, Geely, Jaguar Land Rover, John Deere, Mahindra and Mahindra, Mahindra Electric, Maruti Suzuki, Renault Nissan, Revolt Intellicorp, TAFE, Volvo Cars and Volvo Eicher. We also serve selected leading Tier 1 automotive system suppliers such as Carraro, Dana, Jing-Jin Electric, Linamar and Maschio.

The table below sets forth the breakdown of our income from sale of goods across our top ten customers, and as a percentage of our total sale of goods for the periods indicated. The order of our top ten customers in the table below is based on information as at March 31, 2021.

	For Fiscal Year 2019		For Fiscal Year 2020		For Fiscal Year 2021	
Sale of Goods	₹13,649.75 million		₹11,804.19 million		₹14,889.34 million	
	Sale of Goods (₹ in millions)	% of Sales of Goods	Sale of Goods (₹ in millions)	% of Sales of Goods	Sale of Goods (₹ in millions)	% of Sales of Goods
#1 - North American OEM of PVs & CVs	3,643.34	26.7%	2765.62	23.4%	2,523.25	16.9%
#2 - European OEM of PVs & CVs	2,067.80	15.1%	2373.71	20.1%	2,296.23	15.4%
#3 - Global OEM of EVs	21.92	0.2%	163.54	1.4%	1,950.71	13.1%
#4 - Global OEM of PVs, CVs & EVs	190.98	1.4%	280.54	2.4%	1,015.35	6.8%
#5 - Global Tier 1 Supplier for PVs, CVs, OHVs & EVs	838.27	6.1%	766.67	6.5%	834.34	5.6%
#6 - Indian OEM of PVs, CVs and EVs	983.93	7.2%	631.56	5.4%	729.71	4.9%
#7 - Global OEM of OHVs	667.89	4.9%	541.30	4.6%	727.03	4.9%
#8 - Indian OEM of PVs, CVs, OHVs & EVs	688.24	5.0%	588.38	5.0%	643.48	4.3%
#9 - North American Tier 1 Supplier for PVs & EVs	1,343.36	9.8%	953.65	8.1%	602.32	4.0%
#10 - Asian OEM of PVs & CVs	348.30	2.6%	471.76	3.9%	536.39	3.7%

In terms of vehicle segments, PVs, CVs and OHVs contributed 68.4%, 14.4% and 17.1% of our income from sale of goods for Fiscal Year 2021, respectively. We started supplying differential gears in the global EV market in April 2016, and have increased our focus on EV market through introduction of new systems and components since then. For Fiscal Years 2019, 2020 and 2021, we derived ₹174.19 million, ₹233.59 million, and ₹2,056.98 million from sales to the BEV market, representing 1.3%, 2.0% and 13.8% of our income from sale of goods for Fiscal Years 2019, 2020 and 2021.

The table below sets forth the breakdown of our income from sale of goods across our vehicle segments, and as a percentage of our total sale of goods for the periods indicated.

	For Fiscal Year 2019	For Fiscal Year 2020	For Fiscal Year 2021
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	Sale of Goods (₹ in millions)	% of Sales of Goods	Sale of Goods (₹ in millions)	% of Sales of Goods	Sale of Goods (₹ in millions)	% of Sales of Goods
Passenger Vehicle (PV)	8,459.56	62.0%	7,698.36	65.2%	10,189.58	68.4%
Commercial Vehicle (CV)	2,933.77	21.5%	2,138.11	18.1%	2,141.45	14.4%
Off Highway Vehicle (OHV)	2,234.77	16.4%	1,946.30	16.5%	2,543.94	17.1%
Others	21.64	0.1%	21.43	0.2%	14.37	0.1%
<b>Total</b>	<b>13,649.75</b>	<b>100%</b>	<b>11,804.19</b>	<b>100%</b>	<b>14,889.34</b>	<b>100%</b>

We are continuously focused on strengthening our customer relationships by prioritizing our customers' needs in terms of customers' design compliance and engineering standards. We achieve this through offering integrated end-to-end solutions and engaging with our customers from concept to delivery for developing customer platform centric systems and components. In addition, we also meet regularly with our customers to review our performance in a number of other areas including quality, delivery and cost.

Some of our key OEM customers (in alphabetical order) include a Global OEM of EVs, a North American OEM of PVs and CVs, Ampere Vehicles, an Indian OEM of PVs, CVs and EVs, Ashok Leyland, CNH, Daimler, Escorts, Escorts Kubota, Geely, Jaguar Land Rover, John Deere, Mahindra and Mahindra, Mahindra Electric, Maruti Suzuki, Renault Nissan, Revolt Intellicorp, TAFE, Volvo Cars and Volvo Eicher. We also serve selected leading Tier 1 automotive system suppliers such as Carraro, Dana, Jing-Jin Electric, Linamar and Maschio.

We have long-standing relationships of 15 years and more with 13 of our top 20 customers. The table below sets forth the details of our long-standing relationships with our top 20 customers.

S. No.	Customer	Commencement of Customer Relationship	Number of Years of Customer Relationship
1.	Mahindra & Mahindra	1998	23
2.	Indian OEM of PVs, CVs and EVs	1999	22
3.	Global Tier 1 Supplier for PVs and CVs	1999	22
4.	TAFE	2000	21
5.	Dana	2001	20
6.	North American OEM of PVs and CVs	2002	19
7.	Maruti Suzuki	2002	19
8.	JLR	2003	18
9.	Indian OEM of OHVs- 3	2003	18
10.	Carraro	2003	18
11.	Indian Tier 1 Supplier for CVs	2003	18
12.	CNH	2004	17
13.	Volvo Cars	2006	15
14.	John Deere	2008	13
15.	Escorts	2008	13
16.	North American Tier 1 Supplier for PVs, CVs, OHVs and EVs	2009	12
17.	Linamar	2015	6
18.	Renault Nissan	2015	6
19.	Geely	2016	5
20.	Global OEM of EVs	2017	4

We typically participate in a lengthy and rigorous vendor selection process with our customers, which can take up to two to three years from the date of issue of a RFQ for securing business. We are generally required to submit a detailed technical proposal including technical information such as, the product features, performance specifications, compliance with legal and regulatory requirements, proposed development timeline, product validation plan, performance and durability expectations and prototype quantity for vehicle fitment. We may further be required to develop and supply concept prototypes for the customer based on initial design plans. Once our prototype is confirmed to have met the customer's specifications and clears the testing phase, we are awarded the product program. We invest in securing new customer relationships through this intense, time consuming and costly vendor selection process, as it enables us to better understand our customers' design and performance needs, and demonstrates our capabilities in providing end-to-end integrated and technologically advanced customized solutions for developing critical automotive systems and components. If we are successful in converting the RFQ process into firm orders then it generally leads to a long term relationship with such customer as the cost to the



customer of switching vendors after qualification in the RFQ process is typically high. Upon qualifying for the product development program, we enter into a letter of intent with the customer which specifies the expected production commencement date and forecast volume for the program.

We execute standard global terms and conditions or master purchase agreements with most of our customers followed by program specific engineering statement of work and open purchase orders. This is consistent with market practice in our line of business. Under the engineering statement of work, our customers provide us with program specific sourcing confirmations, including specific part numbers, volume projections of their requirements for the specific program, program life and supply locations. Open purchase orders generally contain the commercial terms of supply for the program including price, delivery location and certain incoterms. Delivery schedules are released and refreshed regularly by customers throughout the program period.

### ***Key Manufacturing Processes***

The manufacturing processes involved in the production of our key systems and components are described below.

***Differential Gears:*** We manufacture differential gears in our Gurugram Unit I, Gurugram Unit II and Gurugram Unit III (collectively, the “**Gurugram Units**”) and the Pune Unit. Our gear making process starts with preparation of gear design using 3D modelling, simulation, die design and 2D drawing. This is followed by purchase of raw materials, color coding, billet cutting, precision warm forging, green machining, case carburizing, hardening, finish machining, surface treatment, super-finishing, washing, packing and dispatch.

***Differential Assembly:*** We manufacture differential assemblies in our Manesar Unit. We purchase cast housing and blanks for final drive gear (FDG) from third-party suppliers and undertake the machining process in-house. Our in-house manufacturing processes are classified into case housing machining, final gear machining and assembly:

- ***Case house machining:*** This includes key processes such as machining, laser marking, balancing, R.P. oil application, cleanliness inspection and quality inspection.
- ***Final gear machining:*** This includes key processes such as hobbing, chamfering and deburring, hard turning, tooth grinding and helical gear tooth inspection before transferring the material to assembly line. Case Housing, final drive gear and differential bevel gears are then sent for the final differential assembly process.
- ***Assembly:*** Case housing, final drive gears, differential bevel gears and other child parts are input for the assembly process. As part of our differential assembly manufacturing, we undertake ultrasonic washing of child parts, following by sub-assembly, angular backlash and tare torque inspection, FDG fitment on sub-assembly, bolt tightening, run-out inspection and laser marking, R.P. oil application and final packaging and traceability.

***Conventional and micro hybrid starter motors:*** We manufacture and/or assemble starter motors at our plants located in India (Chennai), USA, Mexico and China. The key operations undertaken for manufacturing of starter motors include high speed turning, induction heat treatment for hardening, grinding and multi-head drilling. Armatures assembly comprising very controlled and precise copper pin forming and assembly, heat staking process with Miyachi control mechanism, varnishing, core and commutator turning with dynamic balancing process. Frame assembly is manufactured by welding of pole shunts and assembly of magnets and charging. We use auto soldering process and gooping process to ensure 100% sealing for solenoid assembly with plunger contact assembly. Final assembly comprises of assembly of housings, armature, solenoids, brush assembly and drive assembly with very high levels of poka-yoke, digital control and high precision end of line tester for performance, speed and NVH. Strong in-house manufacturing system engineering team supports high level of automation and machine building for optimal cost.

***Traction Motors (BLDC):*** Our BLDC traction motors comprising of hub-wheel motors and drive motors for two-wheelers and three-wheelers are manufactured at our plant located in Chennai, India. We have state-of-the-art manufacturing facilities to make starters, rotors and final assembly of these motors. Key manufacturing processes include high speed multi-strands winding machines, auto wedge paper insertion, dynamic balancing machines as a rotor assembly and hall sensor assembly. Apart from motor manufacturing we have the capability of making controllers on our own including integration of software systems.

## Manufacturing Locations

We have nine manufacturing and assembly plants across India, China, Mexico and USA, of which six are located in India. Our facilities in India (Chennai), China, Mexico and USA manufacture conventional and micro-hybrid starter motors and BLDC traction motors and our plants in Gurugram, Manesar and Pune in India manufacture differential gears, differential assemblies and other gears. While our facilities in India are manufacturing plants, the facilities in US, Mexico and China operate as satellite final assembly plants. In India, our largest manufacturing facility is located in Chennai spanning across 43,992 sqm followed by facilities in Gurugram and Manesar with built-up areas of 19,587 sqm and 18,593 sqm, respectively. We also have eight warehouses, of which, five are located in India and three across USA, Germany and Belgium. Our manufacturing and assembly facilities have IATF, ISO, OHSAS and Q1 certifications as set forth in the table below.

The following map shows the locations of our manufacturing and assembly plants, R&D centres, warehouses, tool and die shop and sales office as at March 31, 2021.



The table below sets forth certain details with respect to our manufacturing and assembly plants.

Location and plant type	Leased/ Owned	Annual Installed capacity (March 31, 2021)	Capacity Utilization (Fiscal Year 2019)	Capacity Utilization (Fiscal Year 2020)	Capacity Utilization (Fiscal Year 2021)	Production (Fiscal Year 2021)	Manufacturing Processes at the location	Certifications
Gurugram (manufacturing)	1 unit owned, 2 leased	28.70 million gears	91%	72%	75%	21.60	Forging, heat treatment and machining	IATF 16949 ISO 9001 ISO 14001 ISO 50001 OHSAS 18001
Manesar (assembly)	Leased	0.53 differential assemblies	-	-	93%	0.39	Case housing and FDG machining and final assembly	-
Pune (manufacturing)	Owned	9.33 million gears	89%	72%	65%	6.07	Forging, heat treatment and machining	IATF 16949 ISO 9001 OHSAS 18001
Chennai (manufacturing)	Owned	3.8 million starter motors	46%	39%	52%	1.96	Manufacture and assembly of kits, starter motors and traction motors	IATF 16949 ISO 14001 ISO 50001 Q1 Certification OHSAS 18001
Hangzhou (assembly)	Leased	1 million starter motors	7%	7%	13%	0.13	Starter motor assembly	IATF 16949 ISO 14001 ISO 45001
Mexico (assembly)	Leased	1 million starter motors	2%	26%	33%	0.33	Starter motor assembly	IATF 16949 ISO 14001 ISO 45001 Q1 Endorsed
Tecumseh (assembly)	Owned	1 million starter motors	24%	23%	20%	0.20	Starter motor assembly	IATF 16949 ISO 14001 ISO 45001 Q1 Certification

## Suppliers

We typically purchase our requirements for raw materials, commodities and components/parts used in the production of our systems and components from multiple qualified sources in quantities sufficient for our needs. However, we procure certain key critical components such as magnets required for manufacturing of our starter motors from limited number of suppliers. We have long term relationships with most of our key suppliers, yet we do not enter into any long-term volume commitment for material sourcing. This is consistent with the nature of commitments our customers have with us and therefore does not expose us to any major risk from fluctuation in the commodity prices. We generally pass-through to our customers, price changes in steel and copper with certain time lag.

We have a rigorous vendor evaluation, selection and quality control process to ensure that we partner with suppliers who have the ability to comply with our quality standards, delivery schedules and other contractual obligations. Generally, we select suppliers based on total value delivered by them (including total landed price, quality, delivery and technology), taking into consideration their production capacities and financial condition. In order to ensure quality standards on an ongoing basis and to avoid supply disruptions, we also provide training and guidance to the suppliers for upgradation of their manufacturing processes.

## R&D and Technology

We have strong research and development, engineering, designing and advanced in-house technological capabilities in precision forging, mechanical and electrical systems, as well as base and application software. For Fiscal Years 2019, 2020 and 2021, our R&D expenditure amounted to ₹244.04 million, ₹404.49 million and ₹915.03 million, respectively and represented 1.7%, 3.3% and 5.8% as a percentage of our revenue from operations for Fiscal Years 2019, 2020 and 2021, respectively. As at March 31, 2021, we had 186 on-roll employees engaged in R&D activities, representing approximately 15.4% of our company's total on-roll manpower. We also have three digital simulations, testing and validation facilities, one located in Gurugram and two in Chennai in India. These are approved by the GoI's Department of Scientific and Industrial Research and

equipped with, among other things, design software such as Creo, UG NX and Nastran and hardware such as white light scanning, coordinate measuring machine, 3D printing, silicon molding and an electronic and endurance testing laboratory.

The table below sets forth details with respect to our R&D facilities:

Location	Target vehicle segment	Systems and Components
Gurugram	Hybrid and EVs	Differentials, E-axes, Cylindrical Gears, Spiral Bevel Gears
Chennai	Hybrid and EVs	High Efficiency Alternators; BSG, BLDC, Traction motors
Chennai	ICE Vehicles	Starter Motors, Alternators

### ***Design and Engineering***

We are a technology and innovation driven company with advanced design and engineering capabilities, including capabilities in delivering green technologies suitable for future mobility. We offer end to end design solutions from tools and die manufacturing to engineering solutions, new systems and components designing, improvements in design of existing systems and components, benchmarking, design analysis and simulation, rapid prototyping, testing and validation, light weighting, process optimization and material optimization solutions.

We are continuously focused on developing innovative systems and components across materials science (advanced metallurgy) and precision forging to achieve better strength, wear and tear and hardness characteristics. In recognition of our R&D and technological capabilities, we have received several awards for the quality of our systems and components and customer satisfaction from several OEMs. For details of our customer awards, see “*Business –Awards*” below.

We pioneered the launch and commenced supply of BLDC motors for Indian electric two-wheelers and electric three-wheelers since November 2020.

The table below sets forth our PPM level across our manufacturing and assembly plants in India, US, China and Mexico for the periods indicated.

Plant	For Fiscal Year 2019	For Fiscal Year 2020
India	0.43	0.68
USA	-	4.35
China	37.50	-
Mexico	-	-
<b>Total</b>	<b>1.92</b>	<b>0.99</b>

### ***R&D Initiatives and Technical Collaborations***

We engage in ongoing engineering and R&D activities to improve the reliability, performance and cost-effectiveness of our existing systems and components and design and develop innovative components that meet customer requirements for new applications. In this regard, we have taken several initiatives which include, engaging closely with our customers to develop a number of power technology components and solutions that will assist our customers to capitalize on market growth trends. For example, in 2009, our engineering team together with the team of a European OEM undertook extensive study and research for creating one of the earliest variants of a hybrid vehicle, now referred to as “micro-hybrid”. This involved designing a system to automatically shut down and restart the engine to reduce idling time to achieve fuel economy and reduced CO<sub>2</sub> emissions. We suggested innovative designs and solutions to create a system with quick engine starting and durability of 350,000 cycles as compared to then prevalent durability of 50,000 cycles. By demonstrating our in-depth R&D and engineering capabilities to the customer, we were able to win the business to manufacture the micro-hybrid system for the global market for the European OEM. Further, using our extensive knowledge and experience in metallurgy, designing and gear technology, we have provided our customers with design solutions within stringent timelines that resulted in significant improvements in their existing differential gears used in earlier vehicle models to enable compatibility with new vehicle models, high power density, increased durability and reduced costs.

The table below sets forth our customer quality ratings as at March 31, 2021.

Customer	Quality Rating
North American OEM of PVs and CVs	Chennai - Q1 certified - 99/100 USA - Q1 certified - 94/100 Mexico - Q1 approved, awaiting certification - 93/100
Volvo Cars	300/300
Renault Nissan	Renault Global – L3 (third highest level) Renault India - L1 (highest level)
Global OEM of PVs	0 PPM
JLR	1200/1300
Geely	300/300 - 0 PPM
Indian OEM of PVs, CVs and EVs	100/100

With our customers continuously focusing on weight reduction in EVs to enhance the range, augment the vehicle's acceleration and improve overall efficiency, we have been developing solutions and alternatives for improving the power density and light weighting of our differential assemblies and EV traction motors (BLDC and PMSM) and motor control units through our R&D efforts. Integrated drive units have three key components namely, differential assembly, high voltage traction motors and high voltage inverters. Since we manufacture electric drive motors and inverters for electric two-wheelers and hybrid PVs, e-axes for electric three-wheelers and differential assemblies for battery electric passenger vehicles, we are in a unique position to integrate the three key constituents of the electric powertrain into a single matched unit, offering an efficient and compact solution to EV OEMs. Further, we are developing a 48V BSG motor for hybrid PVs, which is specifically designed in compliance with global standards such as the stringent China-6 emission standards, ASPICE, MISRA, Autosar, Functional Safety (ISO 26262), cybersecurity and OBD 2 to meet the requirements of our key global OEMs for fuel saving and compliance with CAFÉ norms. According to the Ricardo Report, we are among the limited number of players who are well placed to combine our motor and driveline capabilities to offer a compelling value proposition to our EV customer base.

- *Software*

A critical component of all electrified systems is embedded software. Of the R&D expenditure incurred during Fiscal Year 2021, we invested ₹571.39 million towards building software standards, systems, and solutions. We develop the base software in accordance with global standards such as ASPICE, MISRA, AUTOSAR, and ISO26262. Our highly efficient FOC algorithm ensures that the motor/generator consistently operates in an efficient band, leading to significant improvements in fuel efficiency and reduction in CO<sub>2</sub> emissions in hybrids, and higher range in EVs. Further, FuSa is a critical requirement for all electrified systems. With the adoption of CASE technologies in the automotive industry, cybersecurity, OBD and OTA have become essential requirements and we are developing software products aligned to market and OEM requirements. For example, our 48V BSG motor complies with OBD 2 and cyber security level 2, protecting OTA.

Further, our R&D team has developed proprietary gear design software which generates spherical involute gear tooth rolling geometries to meet the specific requirements of our customers and allows us to design gear tooth profile with minimal constraints and high flexibility. This flexibility to modify the geometry is fundamental to our core strength of precision-forging technology, which enables us to design and make our tools and dies in-house and our precision forging process technology allows us to develop gears with higher power density, which is critical for the powertrains of EVs. We also follow advanced and digitally enabled procedures for structural and durability analysis, forging and heat treatment which enables us to develop systems and components with minimum defects and high material yield.

In addition, our Company has also participated in several R&D focused conferences and collaborated with other industry and technical experts to publish R&D related materials. The table below sets forth the details of some of the key R&D related publications by our Company:

Year	Title Paper published/Presented	Conference
2016	Analysis and Design Optimization for Improved Fatigue Life of One-way Clutch Drive used in Starter Motor	2 <sup>nd</sup> International Conference of Fatigue Durability and Fracture Mechanics and Symposium on Condition Assessment/Residual Life Assessment and Extension 2016 held at IISc, Bangalore. <b>Received BEST Paper Award</b>
2017	Starter Motor Light Weighting through Use of Alternate Materials	International Conference on Advances in Design, Materials, Manufacturing and Surface Engineering for Mobility.

2018	NVH Analysis and Measurement Correlation of Electrical Starter Motor for Automotive Vehicles	International Conference on Mechanical and Production Engineering (ICMPE). Published in ICMPE and IEEE.
2019	A Concept to Reliability Prediction for Hybrid Electric Motor Electronic Controller	Presented in Applied Reliability and Durability Conference.
2020	Design and Implementation of Field Oriented Control Strategies for Starter Generator Machine	Paper published in SAE Technical Paper, 2020 - International Conference on Advances in Design, Materials, Manufacturing and Surface Engineering for Mobility.

### **Program Pipeline**

The table below sets forth a list of programs which have been awarded to us, along with their corresponding details. The table includes those programs for which the start of production year for our customers was either Fiscal Year 2021 or a period subsequent to Fiscal Year 2021. Accordingly, some of these programs have commenced production in Fiscal Year 2021, while others are expected to commence production in a period subsequent to Fiscal Year 2021.

Sr. No.	Customer Name <sup>1</sup>	Program Name	Product	Customer Location
1	Global OEM of EVs	Program B3	Differential Assembly	Outside India
2	North American OEM of PVs and CVs <sup>2</sup>	Program K1	Conventional Starter Motor	Outside India
3	European OEM of PVs and CVs <sup>2</sup>	Program L	Micro-hybrid/Conventional Starter Motor	Outside India
4	Global OEM of PVs, CVs and EVs	Program M1	Micro-hybrid Starter Motor	Outside India
5	Asian OEM of PVs and CVs <sup>2</sup>	Program N	Micro-hybrid/Conventional Starter Motor	Outside India
6	Indian OEM of Electric 2Ws- Motorcycles	Program J	PMSM Motor and Controller	India
7	North American OEM of PVs and CVs <sup>2</sup>	Program K2	Micro-hybrid Starter Motor	Outside India
8	Global OEM of PVs and EVs	Program O	Micro-hybrid/Conventional Starter Motor	Outside India
9	European OEM of PVs and EVs	Program H	Differential Assembly	Outside India
10	Global OEM of PVs, CVs and EVs	Program M2	Conventional Starter Motor	Outside India
11	Global Tier 1 Supplier for PVs, CVs, OHVs and EVs	Program A1	Differential Gears	Outside India
12	Chinese Tier 1 Supplier for EVs	Program G	Differential Assembly	Outside India
13	Global Tier 1 Supplier for PVs, CVs, OHVs and EVs	Program A2	Differential Gears	Outside India
14	North American Tier 1 Supplier for PVs and EVs	Program P1	Differential Gears	Outside India
15	Chinese OEM of PVs and EVs	Program Q1	Micro-hybrid Starter Motor	Outside India
16	North American OEM of PVs and CVs <sup>2</sup>	Program K3	Micro-hybrid Starter Motor	Outside India
17	North American Tier 1 Supplier for PVs, CVs, OHVs, and EVs	Program F	Differential Gears	Outside India
18	North American Tier 1 Supplier for PVs and EVs	Program P2	Differential Gears	Outside India
19	Chinese OEM of PVs and EVs	Program Q2	Micro-hybrid Starter Motor	Outside India
20	Global OEM of PVs, CVs and EVs	Program M3	Micro-hybrid Starter Motor	Outside India
21	North American Tier 1 Supplier for PVs, CVs, OHVs, and EVs	Program F2	Differential Gears	India
22	Indian OEM of PVs, CVs and EVs	Program R1	Other Gears	India
23	Global OEM of PVs, CVs and EVs	Program M4	Conventional Starter Motor	India
24	Indian OEM of OHVs - 2	Program S	Differential Gears	India
25	Indian OEM of OHVs- 3	Program T1	Other gears & Differential Assembly	India
26	Indian Tier 1 Supplier for CVs	Program U1	Differential Gears & Other gears	India
27	Global OEM of OHVs - 1	Program V1	Differential Assembly	Outside India
28	Indian OEM of PVs, CVs, OHVs and EVs	Program E1	Differential Gears	India
29	Indian OEM of Electric 2Ws- Scooters	Program C	BLDC Motor	India
30	Global OEM of OHVs - 1	Program V2	Differential Assembly	Outside India
31	Global Tier 1 Supplier for PVs, CVs, OHVs and EVs	Program A3	Differential Gears	Outside India

Sr. No.	Customer Name <sup>1</sup>	Program Name	Product	Customer Location
32	North American Tier 1 Supplier for PVs, CVs, OHVs, and EVs	Program F3	Differential Gears	India
33	Indian OEM of OHVs- 1	Program W1	Differential Gears	India
34	North American Tier 1 Supplier for PVs, CVs, OHVs, and EVs	Program F4	Differential Gears	India
35	Indian OEM of Farm Equipment	Program X	Other Gears	India
36	Indian OEM of CVs - 1	Program Y	Conventional Starter Motor	India
37	Global Tier 1 Supplier for PVs, CVs, OHVs and EVs	Program A4	Differential Gears	India
38	Global Tier-1 Supplier for OHVs	Program Z	Differential Gears	Outside India
39	European OEM of Farm Equipment	Program AA	Other Gears	India
40	Global Tier 1 Supplier for PVs, CVs, OHVs and EVs	Program A5	Differential Gears & Other gears	India
41	Global OEM of OHVs - 1	Program V3	Differential Assembly	Outside India
42	Global Tier 1 Supplier for PVs, CVs, OHVs and EVs	Program A6	Differential Gears	Outside India
43	Indian OEM of OHVs- 2	Program AB1	Differential Gears & Other gears	India
44	Indian Tier 1 Supplier for CVs	Program U2	Differential Gears	India
45	Indian OEM of OHVs- 1	Program W2	Differential Gears & Other gears	India
46	Global Tier 1 Supplier for PVs, CVs, OHVs and EVs	Program A7	Differential Gears	Outside India
47	Indian OEM of OHVs- 2	Program AB2	Differential Gears	India
48	Indian OEM of OHVs- 3	Program T2	Other Gears	India
49	Indian OEM of PVs, CVs and EVs	Program R2	Other Gears	India
50	Global OEM of CVs and OHVs	Program AC	Differential Gears	India
51	Global Tier 1 Supplier for PVs, CVs, OHVs and EVs	Program A8	Differential Gears	Outside India
52	Indian Tier 1 Supplier for CVs	Program U3	Differential Gears	India
53	Indian OEM of OHVs- 2	Program AB3	Other Gears	India
54	Indian OEM of PVs, CVs and EVs	Program R3	Other Gears	India
55	Indian OEM of OHVs- 2	Program AB4	Other Gears	India
56	Indian OEM of OHVs- 1	Program W3	Other Gears	India
57	Indian OEM of PVs, CVs, OHVs and EVs	Program E2	Differential Gears	India
58	Global OEM of EVs	Program B4	Differential Assembly	Outside India

- 1 Classification criteria for customer name
  - I. If the revenue contribution, from each of at least three geographic regions, is greater than 10% of the total revenue of the customer, then the customer is classified as 'Global'.
  - II. If the condition in point (1) above is not satisfied and the revenue contribution from the geographic region where the customer is located is greater than 60% of the total revenue of the customer, then the customer is classified as 'Regional' on the basis of the geographic region from where the customer is deriving more than 60% of its total revenue i.e. North America/India/Europe/Asia/China. Accordingly, in such cases the customers are classified as 'North American', 'Indian', 'European', 'Asian' and 'Chinese'.
  - III. If the financial information of the customers is not available in the public domain, such customers are classified as 'Regional', on the basis of the geographic region where the customer is located.
- 2 The classification in (1) above has not been applied to these customers. These customers have been classified as per the geography of their business operations.

We have been awarded 58 programs, of which production has commenced for 24 programs during the Fiscal Year 2021. There is no assurance in relation to the sales volumes and revenue that any of these programs will eventually generate for us. For further details, see *"Risk Factors – Our Company may not realize all of the revenue expected from our new and incremental business backlog and does not have firm arrangements with customers"* on page 31.

### **Raw Materials and Components**

We use a variety of raw materials in the production of our components. The principal raw materials and components used for manufacturing differential gears and differential assemblies are special steel alloy bars, iron castings, steel blanks and bolts. For starter motors and BLDC, key materials are steel forgings, copper enameled wires, machined aluminium pressure die castings, bearings, magnets, plastic moulded components and other

proprietary parts. We source these raw materials and components mostly from India as well as from North America, Europe, Korea, China, and Taiwan. For Fiscal Years 2019, 2020 and 2021, our cost of materials consumed and changes in inventories of finished goods and work-in progress amounted to ₹5,785.33 million, ₹5,139.55 million and ₹6,453.10 million, respectively, accounting for 40.4%, 41.9% and 41.1% of our total income for Fiscal Years 2019, 2020 and 2021, respectively.

The cost of our core raw materials and bought out parts is susceptible to changes in overall steel and other commodity prices, including ingredients used in various grades of steel. We generally pass-through to our customers, with some time lag, the fluctuations in costs of raw materials like steel, key steel alloys and copper, which are major commodity inputs used in our systems and components. Impact of price fluctuations in aluminium and steel on bought out parts for starter motors and BLDC is however, not passed through to the customer.

### ***Utilities***

- ***Power and Fuel***

We use substantial amount of electricity for our operations. For Fiscal Years 2019, 2020 and 2021, our total costs for power and fuel amounted to ₹444.15 million, ₹329.72 million and ₹390.89 million, respectively, comprising 3.1%, 2.7% and 2.5% of our total income for Fiscal Years 2019, 2020 and 2021, respectively. We purchase utilities for our operations in India and overseas from the local utility companies in the jurisdictions in which we operate. In India, we also purchase utility from third party suppliers, where costs are less than purchasing directly from the state electricity boards. As a green energy initiative, we have installed solar power plant(s) in some of our manufacturing locations.

- ***Water***

We source water from local utility companies in our India operations. We also undertake treatment of waste water for its reuse in compliance with the local water usage and treatment guidelines. In our overseas facilities, no water is used for industrial purpose.

### ***Storage and Transportation***

- ***Storage***

We have eight warehouses, of which, five are located in India and three across USA, Germany, and Belgium. The warehouses work as our delivery point to key customer locations, help our customers manage their requirements in an efficient manner and enhances our engagement with them. These warehouses are owned by third parties and our storage space can be flexibly increased depending on the requirement.

- ***Transportation***

For our operations in India, we typically ship finished goods to our customers by road within their delivery schedules. In a few cases, our customers may directly pick up the goods at our own facilities, and in such cases our customers handle these arrangements. Costs associated with the transportation of incoming materials and components are generally included in the purchase price.

In case of our overseas customers, we use a number of transportation arrangements. We generally export our systems and components through sea shipments and in exceptional circumstances by air to ensure that customer production lines operate without interruption. Our customers in North America and Mexico pick-up starter motors from our plants. Our plant in China is responsible to deliver final starter motors to customer plants through road transportation.

### ***Sales and Marketing***

Our sales and marketing department is responsible for designing and implementing a business development strategy adapted to all markets, and forging local and global partnerships with OEMs to sustain profitable growth. Our sales and marketing team closely coordinates with our engineering team and the customer's design and engineering department to understand the technical requirements of the component. The degree of involvement varies depending upon the customer's requirements and ranges from designing of systems and components from inception, including providing inputs on the type of materials to be used to proposing unique features and specifications to improve the existing design. Through this process we are able to deepen our engagement with



our customers at the business development stage itself which enhances our relationship with our customers. Key account managers are assigned to serve specific customers for one or more business products and are responsible for servicing existing business and for identifying and winning new business.

## Competition

The automotive component manufacturing industry is very competitive, and we face significant competition from both players in the Indian and overseas markets. Technology, price, design, quality, delivery, engineering development and program launch support are the primary elements of competition in our markets.

We compete worldwide with a number of other Indian and foreign manufacturers that produce and sell similar products. In addition to traditional competitors in the automotive sector, the trend towards advanced electronic integration and electrification has led to an increase in the amount of competition we face from technology focused new market entrants. Many of our competitors are larger and have greater financial and other resources than our Company as well as other economic advantages as compared to our business, such as patents, existing underutilized capacity, lower labor costs, lower health care costs, lower tax rates and, in some cases, export or raw materials subsidies.

In addition, a number of our major OEM customers manufacture for their own use and for others, products that compete with our systems and components. Other current OEM customers could elect to manufacture products to meet their own requirements or to compete with our Company. For many of its products, our competitors include suppliers in parts of the world that enjoy economic advantages.

The following table sets forth our principal competitors according to the Ricardo Report:

Product	Competitor
Differential Assembly	Borg Warner, JTEKT Corp, Dana, American Axle, GKN and Hyundai WIA Corporation
Differential Bevel Gears	American Axle, Showa Corp, Musashi Seimitsu Industries, Meritor and GKN
Starter Motors	Denso, Borg Warner, SEG Automotive, Hitachi and Valeo
BSG	Valeo, SEG Automotive, Continental, Hyundai and Mobis
High-Voltage Traction Motors	Bosch, Valeo-Siemens, GKN, Schaeffler, LG, Hitachi, Borg Warner and ZF
BLDC Motors	Lucas TVS, Virya Mobility, EMF Innovations and Compageauto (Indian competitors only)

## Employees

As at March 31, 2021, we had 3,143 employees, comprising of 1,204 on-roll (38.3% of total employees) and 1,939 off-roll employees (61.7% of total employees), of which 3,067 (97.6% of total employees) are employed in India and 76 (2.4% of total employees) are employed outside India. As at March 31, 2021, 315 (10.0% of total employees) of our employees were members of unions.

The table below sets forth the breakdown of our employees (including both on-roll and off-roll employees) by function for the period indicated:

Function	As of Fiscal Years					
	2019		2020		2021	
	Number	% of Total	Number	% of Total	Number	% of Total
Research and Development	274	12.1%	271	11.5%	277	8.8%
Manufacturing and Operations	1,178	52.2%	1,254	53.2%	1,823	58.0%
Quality Assurance	298	13.2%	325	13.8%	429	13.6%
Supply Chain Management	340	15.1%	333	14.1%	435	13.8%
Human Resources and Administration	80	3.5%	81	3.4%	82	2.6%
Marketing and Corporate	31	1.4%	33	1.4%	36	1.1%
Finance, IT and Legal	55	2.4%	59	2.5%	61	1.9%
<b>Total</b>	<b>2,256</b>		<b>2,356</b>		<b>3,143</b>	

In 2011, operators in our Chennai plant went on strike for 54 days. During the period of the strike, the Chennai plant was accessible to rest of the employees and the movement of materials and employees was not constrained. We hired temporary manpower and used them along with all the professionals to assemble/manufacture our

systems and components. Despite the strike, shipments were delivered to all the customers without impacting their production. There were no customer line stoppages during and after the strike period. We have undertaken various measures, including implementation of policies for career enhancement to professional level for operators, industry relations policies to improve employee and employer relationship and hiring of trainees and temporary manpower to meet our requirements. We have not experienced any strike or labour unrest after the strike in 2011.

### **Environment, Health, Quality and Safety**

We place great emphasis on environment, health, quality and safety matters for safe operations. During Fiscal Years 2019, 2020 and 2021, we had incidents of one, two and four injuries respectively, and zero fatalities during this period. We have established a dedicated environment, health, occupational, health and safety (“EHS”) function to oversee EHS issues for our operations and adopted a comprehensive EHS management system in accordance with applicable standards with policies and practices which are applicable to our employees and contractors within our premises. Our EHS policy aims towards continuous improvement in products, safety processes and EHS practices; encouraging creativity and innovation for excellence; complying with all applicable compliance obligations, legal and other requirements; protecting natural resources and global environment; promoting reduce, reuse and recycle of waste and potential hazardous materials; and committing to prevent pollution, injury and any health hazard to all stake holders, among others. In the event of an incident, we carry out an investigation and develop and implement corrective actions across all processes, manufacturing lines, plants and sites. Information learning from incidents is communicated to contractors engaged with us so that preventive actions can be taken. Further, the application of our EHS and project management processes, practices and standards is regularly checked via audits.

### ***Environment, Health and Safety***

As of March 31, 2021, three of our plants were certified for environmental management systems, in accordance with the requirements of OHSAS 18001, two were certified for quality management systems in accordance with ISO 90001, five were certified for quality management systems in accordance with ISO 14001, two were certified for energy management systems in accordance with ISO 50001 and three were certificated for health and safety standards in accordance with ISO 45001. Our plants have sewage and effluent water treatment units to treat waste water and enable reuse. Wastes are properly routed through approved sources for further treatment. We have also installed rain water harvesting systems to collect and channelize the water to harvesting pits for recharging ground water table. Our Gurugram Units and Manesar Unit have solar panels installed on rooftops for power generation.

We have put in place various processes to reduce the risk of accidents and prevent environmental pollution at our facilities including:

- ensuring that plant employee safety manuals covering employee safety and environmental procedures are in place and implemented and that plant level hazard identification and risk assessments are periodically carried out;
- providing training and awareness programs on employee safety and environment to all employees, including training on use of cranes and forklifts, furnaces and other machines and operations, the use of first aid and other procedures to deal with emergencies;
- implementing regular proactive employee safety audits, management review meetings and periodic employee safety meetings;
- implementing corrective and preventive measures for all incidents and accidents;
- implementing and maintaining our legal compliance management system;
- conducting periodic safety and environment audits and ensuring necessary standard operating procedures are in place for effective implementation;
- conducting periodic emergency mock drills in our plants; and
- maintaining an occupational health centre at each unit having first aid facility with nursing staff and regular doctor visits.

## **Quality Control**

Most of our manufacturing units have the IATF 16949:2016 international standards certification for automotive quality management. Based on the type of operation, our quality control and quality assurance requirements are finalized at the time of product development. Quality assurance includes determining and monitoring of process parameters, incorporation of mistake proofing, training of personnel and implementing input material controls. Quality control checks are performed with automated laser and vision systems during various stages of manufacturing and assembly. We ensure 100% inspection of finished goods before they are dispatched to the customers. Our commitment to quality assurance has been recognized by our customers, from whom we have received quality assurance awards. For further details, see “– Awards” below

## **Intellectual Property**

We have obtained trademarks registrations in India for the logo of “Sona Driving Tomorrow” under class 35 and “Comstar” under class 12. We have also obtained global registration/rights of the word mark “Sona BLW” under class 12, been assigned rights to the word mark “Sona” registered under class 12 in India and received a word mark registration for our brand “Sona Comstar” under class 7. Further, we have applied for registration of various marks under class 7, class 12 and class 35 such as “Sona BLW More Torque Per Gram”. We have also filed eight applications for obtaining a no-objection from the Registrar of Trademarks in India for protecting our logo under Indian copyright laws. Our domain name [www.sonacomstar.com](http://www.sonacomstar.com) has been registered in India. We hold assignment of license rights in relation to eight patents in USA. We have been granted one patent in USA, one patent in China and one patent in the United Kingdom and await 21 patent approvals in India. We have initiated legal proceedings before the High Court of Delhi against certain parties, for unauthorized use of the “SONA” brand and have, among other things, sought for a permanent injunction restraining such persons from using the trademark/trade name/logo “SONA”. The matter is currently pending. For further details, see “*Outstanding Litigation and Material Developments*” on page 399.

## **Property**

Our registered and corporate office is located at Sona Enclave, Village Begumpur Khatola, Sector 35, Gurugram, Haryana-122004, India. Further, as at March 31, 2021, we had nine manufacturing and assembly facilities across India, China, Mexico and USA, of which six manufacturing facilities are located in India. We also have eight warehouses, of which, five are located in India and three across USA, Germany and Belgium. In addition, we have three R&D centres located in Gurugram and Chennai. Of our eight properties which are located in India, six are on lease or licensed basis. For further details on our manufacturing facilities, see “– *Our Operations – Manufacturing Locations*”, above.

## **Insurance**

Our business, including our manufacturing operations, are subject to various risks inherent in the automobile industry such as risk of equipment failure, work accidents, fire, theft, earthquake, flood, product recall and liability, acts of terrorism, other force majeure events and other hazards that may cause personal injury, loss of life, damage to property and equipment and environmental damage. We maintain insurance policies in respect of our business, assets or stocks, machinery, building and equipment.

We maintain fire and special perils policy with add-on cover for earthquakes, insurance against theft and burglary for our stocks at vendors and transporters end and marine cargo sales turnover policies to cover various risks during the transit of goods anywhere in the country and overseas. In addition, we have a commercial general liability policy to cover any product recall and product liability risk, personal accident insurance policy for our employees, group mediclaim policies for our employees and their families and other insurance policies to manage the risk of losses from potentially harmful events, including COVID-19 policy, business public liability insurance policy, money insurance policy, director and officer liability insurance policy.

## **Corporate Social Responsibility**

We have adopted a corporate social responsibility (“CSR”) policy in compliance with the requirements of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014. Our CSR programs are committed to the overall welfare and development of society, including environmental sustainability, disaster management, supporting innovation, education, health care and sanitation. Our CSR interventions consist of four pillars set forth below.

- *Sona Comstar – Samridh Bharat Program:* Focus is on achieving environmental sustainability, ecological balance and conservation of natural resources. This program includes measures such as supporting innovative projects aimed at reducing fossil fuel dependence, combating air pollution and organizations working for nature and wildlife conservation. Under this program, we have made contributions to IIT Delhi-CERCA (Centre of Excellence for Research on Clean Air) for undertaking research and development projects related to air quality and recommendation to government on policy measures for combating pollution due to stubble burning which is one of the leading causes of pollution across Northern India. Further, we have also made contributions to institutions, to support innovators in automotive domain through a dedicated program. We also made contributions through Technology Business Incubator Centre for Innovation Incubation and Entrepreneurship for the purpose of supporting and fostering entrepreneurship in India.
- *Sona Comstar – Swasth Bharat Program:* Focus is on health care and nutrition through measures such as health outreach program, health awareness program, support in developing health care centers, women and child nutrition, promoting sanitation. Under this program, we have supported projects involving promotion of sanitation in schools. During the lockdown restrictions on account of the COVID-19 pandemic, we provided support to foundations for distribution of dry ration, hygiene kits and meals to local communities and affected people.
- *Sona Comstar – Surakshit Bharat Program:* Focus is on measures to benefit armed force veterans and dependents, providing support for setting up old age homes and day care centers. Under this program, we have made contributions towards the cause of armed forces veterans, war widows and their dependents.
- *Sona Comstar – Saksham Bharat Program:* Focus is on measures to provide employment and skill development programs for rural youth, livestock and agriculture programs for farmers, empowering women and promoting gender equality, promoting rural sports and providing scholarship programs for under privileged children. Under this program, we have taken initiatives for promoting education of children, including special education, and development of infrastructure for education of children.

For Fiscal Years 2019, 2020 and 2021, we have spent ₹21.10 million, ₹16.79 million and ₹53.95 million, respectively, on CSR initiatives.

## Customer Awards

The table below sets out the customer awards we have received for our various systems and components.

Year	Award	Presenter
2020	Exceptional support during Challenging Times (Covid-19)	Indian OEM of PVs, CVs and EVs
2019	World Excellence Award – Silver	North American OEM of PVs and CVs
2019	Superior performance in the field of Comprehensive Excellence	Maruti Suzuki
2019	Best Performance in Delivery	Ashok Leyland
2019	Quality Excellence Award	Indian OEM of PVs, CVs and EVs
2019	Best Benchmark Award for Quality	TAFE
2019	Best Supplier Award for Exemplary Performance: Zero Defect	TAFE
2018	Drive Customer Centricity	Dana
2018	Supplier Excellence Award- In Recognition of Partner Level Performance	TMA (John Deere)
2018	Platinum Award- In Recognition of Best-in-class Performance in the field of Delivery- Forging	Indian Tier 1 Supplier for CVs
2018	Best Supplier Award for Exemplary Performance, Quality and Reliability	TAFE
2018	Best Suppliers Award- Quick Response Quality and Delivery	Spicer India (Dana)
2017	Supplier Excellence Award- In Recognition of Partner Level Performance	TMA (John Deere)
2016	World Excellence Award- Gold	North American OEM of PVs and CVs
2016	Best Supplier Award for Outstanding Contribution in Co-Creating Value	TAFE
2015	Overall Excellence for the Year 2014-15	Maruti Suzuki
2015	Best Performer Award	Escorts
2015	Supplier Excellence Award- In Recognition of Partner Level Performance	TMA (John Deere)

Year	Award	Presenter
2015	Award for Best Quality- Forging	Indian Tier 1 Supplier for CVs
2015	Best Supplier Award- Exemplary Performance Quality and Reliability	TAFE
2014	Best Technology Partner of the Year	Spicer India (Dana)
2014	Supplier Excellence Award	TMA (John Deere)
2013	World Excellence Award- Silver	North American OEM of PVs and CVs
2013	Best Supplier in Performance (Forging)	Indian Tier 1 Supplier for CVs
2013	Supplier Excellence Award	Indian OEM of PVs, CVs and EVs
2013	Best Supplier Award for Quality, Delivery and Capacity Ramp-Up	TAFE
2013	Best Supplier Award for Consistent Performance in Quality and Reliability	TAFE
2013	Quality Performance Award	Indian OEM of PVs, CVs and EVs
2013	Overall Performer of the Year Award	Escorts
2013	Best Supplier Award	Indian OEM of PVs, CVs and EVs
2013	Supplier Recognition Award for Outstanding Contribution	North American Tier 1 Supplier for PVs, CVs, OHVs and EVs
2012	Best Technology Partner	Spicer India (Dana)
2012	Best Supplier Award	New Holland (CNH)
2012	Quality Excellence Award	Global OEM of PVs and CVs
2012	Quality Performance Award	Indian OEM of PVs, CVs and EVs
2012	Best Supplier Award-IBU Business Growth	TAFE
2011	Award of Excellence	Global OEM of PVs and CVs
2011	JLRQ Supplier Excellence Award	JLR

## Impact of the COVID-19 pandemic

### March 2020 to May 2020

An outbreak of COVID-19 was recognized as a pandemic by the WHO on March 11, 2020. In response to the COVID-19 outbreak, the governments of many countries, including India, Europe, USA and China have taken preventive or protective actions such as imposing country-wide lockdowns, as well as restrictions on travel and business operations. In India, some of these measures have been lifted and partial travel has been permitted. A rapid increase in severe cases and deaths where measures taken by governments have failed or are lifted prematurely, may cause significant economic disruption in India and in the rest of the world. Resurgence of the virus or a variant of the virus in March 2021 that causes a rapid increase in cases and deaths has resulted in several Indian states and countries re-imposing lockdown restrictions to control the impact of the ongoing COVID-19 pandemic, which if prolonged may cause significant economic disruption in India and the rest of the world. The scope, duration and frequency of such measures and the adverse impact of the COVID-19 pandemic remain uncertain and could be severe. As a result of the complete suspension of commercial activities (excluding essential services), due to lockdown restrictions in India and globally, followed by partial and gradual easing of the lockdown, we experienced overall low consumer demand in the automotive markets, and consequently low orders from our customers for our systems and components during the initial two months of the lockdown. A significant portion of our income is derived from sale of goods with end-use in the overseas markets, including North America, Europe and China. We also have assembly plants and warehouses across USA, China, Mexico, Germany and Belgium and sell our products in various countries outside India. The COVID-19 pandemic and the related preventive and protective actions had impacted our business through complete suspension of activities at our manufacturing and assembly facilities in India and overseas jurisdictions.

The table below sets forth the periods during which our manufacturing and assembly facilities were shut down due to the COVID-19 pandemic.

	Period of shut down	Duration of shutdown (in number of working days)
China	• December 30, 2019 until February 9, 2020	35
Mexico	• April 1, 2020 until May 20, 2020; and	43

	<ul style="list-style-type: none"> <li>December 24, 2020 until January 3, 2021</li> </ul>	
USA	<ul style="list-style-type: none"> <li>March 20, 2020 until May 16, 2020</li> </ul>	41
Chennai	<ul style="list-style-type: none"> <li>March 23, 2020 until May 8, 2020; and</li> <li>June 8, 2020 until July 6, 2020</li> </ul>	56
Three units in Gurugram	<ul style="list-style-type: none"> <li>March 23, 2020 until May 3, 2020</li> </ul>	29
Manesar	<ul style="list-style-type: none"> <li>March 23, 2020 until April 23, 2020</li> </ul>	23
Pune	<ul style="list-style-type: none"> <li>March 23, 2020 until May 17, 2020</li> </ul>	40

### ***June 2020 onwards***

As a result of the movement restrictions in India and globally to curb the spread of the COVID-19 pandemic, production in our manufacturing facilities were adversely impacted due to manpower constraints, supply chain disruption, disruption in timely availability and transportation of raw materials, unavailability of personnel, delays in obtaining local approvals and clearances and cash flow challenges of suppliers and contractors. However, despite the COVID-19 pandemic, we did not experience any significant interruption in our ability to supply our systems and components to our customers and ensured that our customers did not experience disruption of their product lines due to us. We also managed to continue to drive business development and won new development programs during the period after April 2020.

After commencement of operations at our manufacturing facilities due to easing of lockdown measures, production levels at our manufacturing facilities returned to pre-COVID levels as set forth below.

China	February, 2020
Mexico	November, 2020
USA	May, 2020
Chennai	July, 2020
Three units in Gurugram	July, 2020
Manesar	July, 2020
Pune	July, 2020

In response to the COVID-19 pandemic, we have taken active measures to promote health and safety and social distancing efforts, including providing for PPEs, masks, hand sanitizers, and gloves to employees in our manufacturing facilities and in affected areas, staggered working shifts at our manufacturing and assembly plants and working closely with health authorities for obtaining approvals to commence operations at our plants and to enact and enforce safety guidelines. In addition, as part of our risk management policy, we developed a mobile phone based application for our employees to report their health status on a daily basis and also implemented a safety SOP applicable for our employees travelling between workplace and home, inside shop safety management practices including vendor safety management and measures to check vehicles entering and leaving our premises and employees returning to the workplace after easing of lockdown.

See “Risk Factors – Risks Relating to Our Business and Industry – The COVID-19 pandemic, or a similar public health threat, could adversely affect our business, financial condition, and results of operations.” on page 31 for potential risks of the COVID-19 pandemic on our operations and financial condition.

## KEY REGULATIONS AND POLICIES IN INDIA

*Given below is a summary of certain sector specific laws and regulations in India, which are applicable to our Company and our Indian subsidiaries and their respective businesses. The information detailed in this chapter has been obtained from current provisions of various statutes, regulations and/or local legislations and the bye laws of relevant authorities, judicial and administrative interpretations thereof, that are available in the public domain. This description may not be exhaustive, and is only intended to provide general overview of information to investors, and is neither designed, nor intended as a substitute for professional legal advice. Judicial and administrative interpretations are subject to modification or clarification by subsequent legislative, judicial or administrative decisions. For details see, “Government and Other Approvals” on page 403.*

### Industry specific legislations

#### Bureau of Indian Standards Act, 2016

The Bureau of Indian Standards Act, 2016, as amended (the “**Bureau of Indian Standards Act**”), provides for the standardization, marking and quality certification of goods. The Bureau of Indian Standards Act provides for the functions of the bureau which include, among others (a) recognize as an Indian standard, any standard established for any goods, article, process, system or service by any other institution in India or elsewhere; (b) specify a standard mark to be called the Bureau of Indian Standards Certification Mark; and (c) make such inspection and take such samples of any material or substance as may be necessary.

#### Steel and Steel Products (Quality Control) Order, 2020

The Steel and Steel Products (Quality Control) Order, 2020, as amended (the “**Quality Control Order 2020**”), was notified by the Ministry of Steel, Government of India, to bring specified steel products under mandatory BIS certification. All manufacturers of steel and steel products are required to apply to the Bureau of Indian Standards for certification and ensure compliance with the Quality Control Order 2020.

#### Legal Metrology Act, 2009

The Legal Metrology Act, 2009, as amended (the “**Metrology Act**”) aims to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto. Any transaction/contract relating to goods/class of goods or undertakings shall be as per the weight/measurement/numbers prescribed by the Metrology Act. The specifications with respect to the exact denomination of the weight of goods to be considered in transactions are contained in rules by each state.

#### Duty Drawback Scheme, 2020

The duty drawback scheme is an option available to exporters. Under this scheme, an exporter of goods is entitled to a refund of the excise duty and integrated goods and services tax paid by him on the inputs used in the products exported by him. It neutralizes the duty impact on the goods exported by giving a relief on customs and central excise duties suffered on the inputs used in the manufacture of export product. The Customs and Central Excise Duties Drawback Rules, 2017, as amended (the “**Drawback Rules**”) have also been framed outlining the procedure to be followed for the purpose of grant of duty drawback (for both kinds of duties suffered) by the customs authorities processing export documentation.

Under duty drawback scheme, an exporter can opt for either all industry rate of duty drawback scheme or brand rate of duty drawback scheme. The all industry rate of duty drawback scheme essentially attempts to compensate exporters of various export commodities for average incidence of customs and central excise duties suffered on the inputs used in their manufacture.

#### National Electric Mobility Mission Plan 2020

The National Electric Mobility Mission Plan 2020 (“**NEMMP**”), which was released in 2013, is a vision and the roadmap for the faster adoption of electric vehicles and their manufacturing in the country. This plan has been designed by the Ministry of Heavy Industries and Public Enterprises to enhance national fuel security, to provide affordable and environmentally friendly transportation and to enable the Indian automotive industry to achieve global manufacturing leadership. Further, it is also proposed to establish necessary charging infrastructure for electric vehicles across India.

As part of the NEMMP, a scheme was formulated namely, Faster Adoption and Manufacturing of (Hybrid & Electric Vehicles in India Scheme (“**FAME India**”) in the year 2015 to promote manufacturing of electric and hybrid vehicle technology and to ensure sustainable growth of the same (“**Phase-I Scheme**”). The Phase-I Scheme was initially launched for a period of two years, commencing from April 1, 2015, which was subsequently extended from time to time and the last extension was allowed up to March 31, 2019. Department of Heavy Industry has notified Phase-II of the Fame India scheme, with an outlay of ₹ 10,000 crore for a period of three years commencing from April 1, 2019 (“**Phase-II Scheme**”). The main objective of the Phase-II Scheme is to encourage faster adoption of electric and hybrid vehicle by way of offering upfront incentive on purchase of electric vehicles and also by establishing the necessary charging infrastructure for electric vehicles.

### **Automotive Mission Plan 2016-2026**

The Ministry of Heavy Industries and Public Enterprises, GoI released the Automotive Mission Plan 2016-26 (“**AMP**”) in September 2015 with the objective of making the Indian automotive industry an integral part of the “Make in India” initiative. This plan aims to, among others, promote safe, efficient and comfortable mobility for every person in the country along with environmental protection and affordability through both public and personal transport options.

### **Labour law legislations**

#### **The Factories Act, 1948**

The Factories Act, 1948, as amended (the “**Factories Act**”), defines a “factory” to cover any premises which employs 10 or more workers on any day of the preceding 12 months and in which a manufacturing process is carried on with the aid of power or any premises where at least 20 workers are employed, and where a manufacturing process is carried on without the aid of power. Each state government has enacted rules in respect of the prior submission of plans and their approval for the establishment of factories and registration/licensing thereof. The Factories Act provides for imposition of fines and imprisonment of the manager and occupier of the factory in case of any contravention of the provisions of the Factories Act.

In addition to the Factories Act, the employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws. The following is an indicative list of labour laws which may be applicable to our Company due to the nature of the business activities:

- (i) Contract Labour (Regulation and Abolition) Act, 1970.
- (ii) Employees’ Provident Funds and Miscellaneous Provisions Act, 1952.
- (iii) Employees’ State Insurance Act, 1948.
- (iv) Minimum Wages Act, 1948.
- (v) Payment of Bonus Act, 1965.
- (vi) Payment of Gratuity Act, 1972.
- (vii) Payment of Wages Act, 1936.
- (viii) Maternity Benefit Act, 1961.
- (ix) Industrial Disputes Act, 1947.
- (x) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- (xi) The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979.
- (xii) The Industries (Development and Regulation) Act, 1951.
- (xiii) Employees’ Compensation Act, 1923.
- (xiv) The Industrial Employment Standing Orders Act, 1946.
- (xv) The Child Labour (Prohibition and Regulation) Act, 1986.
- (xvi) The Equal Remuneration Act, 1976.
- (xvii) The Trade Unions Act, 1926 and the Trade Union (Amendment) Act, 2001.
- (xviii) Building and Other Construction Workers Regulation of Employment and Conditions of Service Act, 1996.
- (xix) The Code on Wages, 2019\*.
- (xx) The Occupational Safety, Health and Working Conditions Code, 2020\*\*.
- (xxi) The Industrial Relations Code, 2020\*\*\*.
- (xxii) The Code on Social Security, 2020\*\*\*\*.

*\*The Government of India enacted ‘The Code on Wages, 2019’ which received the assent of the President of India on August 8, 2019. The provisions of this code are yet to be brought into force by the Central Government. It proposes to subsume four separate legislations, namely, the Payment of Wages Act, 1936, the Minimum Wages*



Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976.

*\*\*The Government of India enacted 'The Occupational Safety, Health and Working Conditions Code, 2020' which received the assent of the President of India on September 28, 2020. The provisions of this code are yet to be brought into force by the Central Government. It proposes to subsume several separate legislations, including the Factories Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 and the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.*

*\*\*\*The Government of India enacted 'The Industrial Relations Code, 2020' which received the assent of the President of India on September 28, 2020. The provisions of this code are yet to be brought into force by the Central Government. It proposes to subsume three separate legislations, namely, the Industrial Disputes Act, 1947, the Trade Unions Act, 1926 and the Industrial Employment (Standing Orders) Act, 1946.*

*\*\*\*\*The Government of India enacted 'The Code on Social Security, 2020' which received the assent of the President of India on September 28, 2020. It proposes to subsume several separate legislations including the Employee's Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972, the Building and Other Construction Workers' Welfare Cess Act, 1996 and the Unorganised Workers' Social Security Act, 2008.*

## **Intellectual Property**

Intellectual property rights refer to the general term for intangible, intellectual, industrial property rights through patents, copyrights and trademarks and includes geographical indications, trade secrets, and confidential information. In India, patents, trademarks and copyrights enjoy protection under both statutory and common law. The key legislations governing intellectual property in India and which are applicable to our Company are the Patents Act, 1970, Copyright Act, 1957, the Designs Act, 2000 and the Trade Marks Act, 1999.

## **Environmental Laws**

The major statute in India which seek to regulate and protect the environment in India include the Environment Protection Act, 1986 which aims to protect and improve the environment by, *inter alia*, laying down standards for emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate and so on. Further, Noise Pollution (Regulation and Control) Rules, 2000, Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981 aim to control, abate and prevent pollution by setting the standards for maintenance, directing the installation of pollution control devices in industries and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed and

Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2016 and the Public Liability Insurance Act, 1991 aim to regulate the usage of hazardous substances by enumerating a list of hazardous substances and imposing a liability on the owner and controller of hazardous substances for any damage arising out of an accident.

## **Foreign Investment Regulations**

Foreign investment in India is governed by the provisions of Foreign Exchange Management Act, 1999, as amended, along with the rules, regulations and notifications made by the Reserve Bank of India thereunder, and the consolidated FDI Policy, effective from October 15, 2020, issued by the DPIIT, and any modifications thereto or substitutions thereof, issued from time to time (the "**Consolidated FDI Policy**"). Under the current Consolidated FDI Policy, foreign direct investment in companies engaged in the manufacturing sector is permitted up to 100% of the paid-up share capital of such company under the automatic route, subject to compliance with certain prescribed pricing guidelines and reporting requirements.

## **Foreign Trade Regulations**

Imports and exports are governed by the Foreign Trade (Development and Regulation) Act, 1992, as amended (the "**FTDR**") and the Export and Import Policy (the "**EXIM Policy**") formulated by the Central Government from time to time. FTDR provides for an Importer Exporter Code ("**IEC**") to be granted to those persons licensed to carry out imports and exports, which may be suspended or cancelled in case of violation of the provisions of FTDR or the EXIM Policy.

## **Export Promotion Capital Goods Scheme, 2020**

The Export Promotion Capital Goods Scheme (the “**EPCG Scheme**”) provides that importers can benefit from reduced duties on the import of capital goods provided that they fulfil an export obligation to export a prescribed amount of their goods manufactured or services rendered (such amount being a multiple of the duty saved) within a specified period. Export obligations can be fulfilled by either through direct exports or through third parties. An EPCG authorization holder shall be liable to pay custom duties along with interest custom in the event of non-fulfillment of prescribed export obligations.

## **Laws Relating to Taxation**

The Goods and Services Tax (“**GST**”) is levied on supply of goods or services or both jointly by the Central Government and State Governments. GST provides for imposition of tax on the supply of goods or services and will be levied by the Central Government and by the state government including union territories on intra-state supply of goods or services. Further, Central Government levies GST on the inter-state supply of goods or services. The GST law is enforced by various acts viz. Central Goods and Services Act, 2017 (“**CGST**”), relevant state’s Goods and Services Act, 2017 (“**SGST**”), Union Territory Goods and Services Act, 2017 (“**UTGST**”), Integrated Goods and Services Act, 2017 (“**IGST**”), Goods and Services (Compensation to States) Act, 2017 and various rules made thereunder.

Further, the Income-tax Act, 1961 (the “**Income Tax Act**”) is applicable to every company, whether domestic or foreign whose income is taxable under the provisions of this Act or rules made there under depending upon its “Residential Status” and “Type of Income” involved. The Income Tax Act provides for the taxation of persons resident in India on global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arising in India. Every company assessable to income tax under the Income Tax Act is required to comply with the provisions thereof, including those relating to tax deduction at source, advance tax, minimum alternative tax, etc. In 2019, the Government has also passed an amendment act pursuant to which concessional rates of tax are offered to a few domestic companies and new manufacturing companies.

## **Customs Act, 1962 (“Customs Act”)**

The Customs Act, as amended, regulates import of goods into and export of goods from India by providing for levy and collection of customs duties on goods in accordance with the Customs Tariff Act, 1975. Any Company requiring to import or export goods is first required to get registered under the Customs Act and obtain an Importer Exporter Code under FTDR. Customs duties are administrated by Central Board of Indirect Tax and Customs under the Ministry of Finance.

## **Other applicable laws**

### ***Special Economic Zones Act, 2005***

Special Economic Zones Act, 2005 (“**SEZ Act**”) and the rules thereunder prescribe formation of a zone to incentivise entities present therein. An SEZ is a specifically delineated duty-free enclave, deemed to be a foreign territory for the purposes of trade as well as duties and tariffs. A board of approval has been set up under the SEZ Act, which is responsible for promoting the SEZ and ensuring its orderly development.

### ***Motor Vehicles Act, 1988 read with Central Motor Vehicle Rules 1989***

Motor Vehicles Act, 1988 read with Central Motor Vehicle Rules 1989 (“**Motor Vehicle Laws**”) aims to ensure quality, safety and performance standards in relation to any part, component or assembly to be used in the manufacture of an automobiles. In 2019, by way of an amendment, Central Government has introduced a mandatory recall provision for automobiles if any defects were found in the vehicle or a component of the vehicle, which were harmful to the environment, driver or occupant or road users or defects which are reported to the Central Government.

### ***Consumer Protection Act, 2019***

The Consumer Protection Act, 2019 (“**CPA 2019**”) has superseded Consumer Protection Act, 1986 and came into force on July 20, 2020. The CPA 2019 has introduced certain definitions including, *inter alia*, ‘product liability’, ‘product manufacturer’ and ‘defect’. The CPA Act 2019 further established Central Consumer Protection Authority to protect, promote and enforce the rights of the consumers.

## HISTORY AND CERTAIN CORPORATE MATTERS

### Brief history of our Company

Our Company was originally incorporated as “Sona Okegawa Precision Forgings Limited” at New Delhi as a public limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated October 27, 1995, issued by the RoC and commenced operations pursuant to the certificate of commencement of business dated November 16, 1995 issued by the RoC. For the purpose of expansion of business and with the aim of accessing global automotive markets, the name of our Company was changed to “Sona BLW Precision Forgings Limited” as approved by our Shareholders by way of a resolution dated June 28, 2013 and a fresh certificate of incorporation dated July 23, 2013, consequent upon change of name was issued by the RoC.

### Changes in the Registered and Corporate Office

The following table sets forth details of the changes in our Registered and Corporate Office since the date of its incorporation:

Date of change	Details of change in the address of the Registered and Corporate Office	Reasons for change in the address of the Registered and Corporate Office
June 30, 2002	The registered and corporate office of our Company was changed from 12 <sup>th</sup> Floor, Indraprakash, 21 Barakhamba Road, New Delhi, India – 110001 to UGF-6, Indraprakash, 21 Barakhamba Road, New Delhi, India – 110001	To facilitate administrative convenience
February 11, 2017	The registered and corporate office of our Company was changed from UGF-6, Indraprakash, 21 Barakhamba Road, New Delhi, India – 110001 to GF-19, Indraprakash, 21 Barakhamba Road, New Delhi, India – 110001	Pursuant to divestment of JTEKT India Limited and cessation of the underlying lease period
September 26, 2019	The registered and corporate office of our Company was changed from GF-19, Indraprakash, 21 Barakhamba Road, New Delhi, India – 110001 to Sona Enclave, Village Begumpur Khatola, Sector 35, Gurugram, Haryana, India – 122004*	For administrative and operational convenience

\* Pursuant to the order dated September 12, 2019 of the Regional Director, Northern Region, Ministry of Corporate Affairs, New Delhi.

### Main objects of our Company

The main objects contained in the Memorandum of Association are as follows:

1. *“To design, manufacture, assemble, test, import, export, buy, sell, distribute, service, repair, stock, deal and trade in precision forgings and castings of all types, including items of ferrous, and non-ferrous metals for application in automotive and general industries”;*
2. *“To design, develop, manufacture, assemble, test, import, export, buy, sell, distribute, service, repair, stock, deal and trade in precision machined components and assemblies for use in automotive and general industries and for all types, parts, components and accessories thereof and products related thereto”;*
3. *“To design, develop, manufacture, buy, sell, lease or hire, import, export, process, use, deal and trade in plant, machinery, equipment apparatus, materials, articles and commodities in relation to designing, developing, manufacturing, testing, assembling, installing, repairing, reconditioning and overhauling precision components and assemblies of all types, parts, components and accessories thereof and products related thereto in all types of precision forgings using all types of ferrous and non-ferrous metals for parts and components to be used in automotive and other general industries and parts, components, accessory, assemblies and components thereof”;*
4. *“To design, develop, manufacture, assemble, test, import, export, buy, sell, distribute, services, repair, stock, deal and trade in dies, tools, fixtures for use in manufacturing of precision forgings, castings and components of all types, parts and components thereof including gears of all types, synchronisers, linkages, clutch parts, shifters, yokes, ball, pins, cups, sleeves, castings and any accessories thereof and materials, equipment and stores used in any relation thereof”;*
5. *“To develop, sell, import, export and deal in forgings and castings of all types, and all equipment, materials and stores used therein or in any relation thereof”;*

6. “To design, and offer technical services to industries on manufacturing of precision forgings, castings and machined components and assemblies and thing related to project planning and implementation, project financing, process development, productivity related activities, quality up gradation, imports and exports”; and
7. “To design, develop, test, sell, import, export and deal in plant and machinery required for the manufacture of precision, forgings, castings, components and assemblies required in automotive and general industries and for all types, parts, components and accessories thereof and products related thereof.”

The main objects as contained in our Memorandum of Association enable our Company to carry on the business presently being carried on and proposed to be carried out by it.

### Amendments to our Memorandum of Association

The amendments to our Memorandum of Association in the last 10 years are set out below.

Date of Shareholders' resolution	Details of the amendments
June 28, 2013	Amendment to Clause I of the Memorandum of Association to reflect the change in the name of our Company from “Sona Okegawa Precision Forgings Limited” to “Sona BLW Precision Forgings Limited”.
September 28, 2017	Adoption of a fresh Memorandum of Association to ensure compliance with the provisions of the Companies Act, 2013.
January 7, 2019	Amendment to Clause V of the Memorandum of Association to reflect increase in authorised share capital from ₹ 300,000,000 divided into 30,000,000 Equity Shares of ₹ 10 each to ₹ 520,000,000 divided into 50,500,000 Equity Shares of ₹ 10 each and 1,500,000 Preference Shares of ₹ 10 each.
May 17, 2019	Amendment to Clause II of the Memorandum of Association to reflect the change in the registered office and corporate of our Company from GF-19, Indraprakash, 21 Barakhamba Road, New Delhi, India – 110001 to Sona Enclave, Village Begumpur Khatola, Sector 35, Gurugram, Haryana, India – 122 004 and such amendment was approved pursuant to the order dated September 12, 2019 of the Regional Director, Northern Region, Ministry of Corporate Affairs, New Delhi.
January 22, 2021	Amendment to Clause V of the Memorandum of Association to reflect increase in authorised share capital from ₹ 520,000,000 divided into 50,500,000 Equity Shares of ₹ 10 each and 1,500,000 Preference Shares of ₹ 10 each to ₹ 10,000,000,000 divided into 998,500,000 Equity Shares of ₹ 10 each and 1,500,000 Preference Shares of ₹ 10 each

### Major events in the history of our Company

The table below sets forth the key events in the history of our Company:

Calendar Year	Particulars
1995	• Incorporation of our Company
1998	• Commencement of production at Gurugram Unit I
2005	• Commencement of operations at Pune Unit I
2013	• Our Company was renamed as “Sona BLW Precision Forgings Limited”
2017	• Commencement of operations at Gurugram Unit I and Gurugram Unit II
2018	• Acquisition of new land for Pune Unit II
2019	• Adopted “Sona Comstar” as our brand name • Commencement of operations at our Manesar Unit • Awarded contract by a renowned global electric vehicle manufacturer
2020	• Achieved milestone of production of approximately 250 million gears

### Awards and accreditations

For details, see “Our Business – Customer Awards” on page 193.

### Corporate profile of our Company

For details in relation to our corporate profile including details of our business, profile, activities, services, market, growth, competition, launch of key products, entry into new geographies or exit from existing markets, suppliers,

customers, capacity build-up, location of manufacturing plants, technology, and managerial competence, see “*Our Business*”, “*Our Management*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Government and Other Approvals*” beginning on pages 167, 213, 361, and 403, respectively.

#### **Time or cost overrun**

There have been no time or cost overruns pertaining to the setting up of projects and the business operations undertaken by our Company, except in the ordinary course of business.

#### **Defaults or rescheduling of borrowings**

There have been no defaults or rescheduling/ restructuring of borrowings with financial institutions/ banks in respect of our Company’s borrowings.

#### **Total number of shareholders of our Company**

As on date of this Red Herring Prospectus, our Company has eight shareholders. For details, see “*Capital Structure – Shareholding Pattern of our Company*” beginning on page 80.

#### **Our holding company**

Singapore Topco, is our holding company. For details, see “*Our Promoters and Promoter Group*” beginning on page 230.

#### **Our Subsidiaries**

As of the date of this Red Herring Prospectus, our Company has three directly held Subsidiaries and seven indirectly held Subsidiaries.

### **I. Directly held Subsidiaries**

#### ***Indian Subsidiaries***

#### **1. Comstar Automotive Technologies Private Limited (“Comstar Automotive”)**

##### ***Corporate information***

Comstar Automotive was incorporated as “Electrical and Fuel Handling India Private Limited” on March 21, 1997 under the Companies Act, 1956 pursuant to a certificate of incorporation issued by the Registrar of Companies, Tamil Nadu. The name was subsequently changed to “Visteon Powertrain Control Systems India Private Limited” and a fresh certificate of incorporation pursuant to change of name was issued by the Registrar of Companies, Tamil Nadu on August 12, 1998. Thereafter, the name was changed to “Comstar Automotive Technologies Private Limited” and a fresh certificate of incorporation pursuant to change of name was issued by the Registrar of Companies, Tamil Nadu on January 3, 2008. The CIN of Comstar Automotive is U35911HR1997PTC083740 and its registered office is located at Sona Enclave, Village Begumpur Khatola, Sector 35, Gurugram, Haryana, India – 122001.

##### ***Nature of business***

Comstar Automotive is engaged in the business of manufacture and assembly of starter motors, controllers, alternators and starter kits forming part of automobiles and electric vehicles in domestic and international markets.

##### ***Capital structure***

The capital structure of Comstar Automotive is as follows:

<b>Authorised</b>	<b>Aggregate nominal value</b>
15,00,00,000 equity shares of ₹ 10 each	₹ 1,500,000,000
<b>Issued, subscribed and paid up</b>	
64,527,564 equity shares of ₹ 10 each	₹ 645,275,640

##### ***Shareholding pattern***

The shareholding pattern of Comstar Automotive is as follows:

S. No.	Name of the shareholder	No. of equity shares of ₹ 10 each	Percentage of shareholding (%)
1.	Our Company	64,527,563	100
2.	Vivek Vikram Singh (on behalf of our Company)	1	Negligible
<b>Total</b>		<b>64,527,564</b>	<b>100</b>

2. ***Sona Comstar eDrive Private Limited (“SCDPL”)***

*Corporate information*

SCDPL was incorporated as a private limited company on November 12, 2020 under the Companies Act, 2013 pursuant to a certificate of incorporation issued by the Registrar of Companies, Haryana. Its CIN is U34100HR2020PTC090921 and its registered office is located at Sona Enclave, Village Begumpur, Khatola, Gurgaon, Haryana, India 122004.

*Nature of business*

SCDPL is permitted to engage in the business to design, develop, manufacture, assemble, supply, sell, trade and otherwise deal in motors, controllers and other components for electric vehicles.

*Capital structure*

The capital structure of SCDPL is as follows:

Authorised	Aggregate nominal value
100,000 equity shares of ₹ 10 each	₹ 1,000,000
Issued, subscribed and paid up	
10,000 equity shares of ₹ 10 each	₹ 100,000

*Shareholding pattern*

The shareholding pattern of SCDPL is as follows:

S. No.	Name of the shareholder	No. of equity shares of ₹ 10 each	Percentage of shareholding (%)
1.	Our Company	9,999	100
2.	Vadapalli Vikram Verma (on behalf of our Company)	1	Negligible
<b>Total</b>		<b>10,000</b>	<b>100</b>

*Foreign Subsidiary*

3. ***Comstar Automotive Hong Kong Limited (“Comstar Automotive HK”)***

*Corporate information*

Comstar Automotive HK was incorporated under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on May 21, 2015 as a limited company. Comstar Automotive HK’s company registry reference is 2240569. Its registered office is located at Flat/RM 1307 13F, Two Harbourfront, 22 Tak Fung Street, Hung Hom, Kowloon, Hong Kong.

*Nature of business*

Comstar Automotive HK’s primary activity is investment holding and support funding requirements for its subsidiaries.

*Capital structure*

The capital structure of Comstar Automotive HK is as follows:

Authorised	Aggregate nominal value
NA	NA
Issued, subscribed and paid up	
1,878,801 equity shares of USD 1 each	USD 1,878,801

#### *Shareholding pattern*

The shareholding pattern of Comstar Automotive HK is as follows:

S. No.	Name of the shareholder	No. of equity shares of USD 1 each	Percentage of shareholding (%)
1.	Our Company	1,878,801	100
<b>Total</b>		<b>1,878,801</b>	<b>100</b>

## **II. Indirectly held Subsidiaries**

### *Indian Subsidiary*

#### **1. Comstar Automotive Technology Services Private Limited (“CATSPL”)**

##### *Corporate information*

CATSPL was incorporated as a private limited company on November 12, 2012 under the Companies Act, 1956, pursuant to a certificate of incorporation issued by the Registrar of Companies, Tamil Nadu. Its CIN is U31501TN2012PTC088468 and its registered office is located at No. 30-A, Singaravelan Street NH-II, Maraimalai Nagar, Chengalpattu, Kancheepuram, Tamil Nadu – 603209, India.

##### *Nature of business*

CATSPL is engaged in the business of providing support service relating to purchase, sale, design, accounting, treasury, financial, computer related software consultancy and other information services in India and abroad.

##### *Capital structure*

The capital structure of CATSPL is as follows:

Authorised	Aggregate nominal value
2,000,000 equity shares of ₹ 10 each	₹ 20,000,000
Issued, subscribed and paid up	
130,000 equity shares of ₹ 10 each	₹ 1,300,000

#### *Shareholding pattern*

The shareholding pattern of CATSPL is as follows:

S. No.	Name of the shareholder	No. of equity shares of ₹ 10 each	Percentage of shareholding (%)
1.	Comstar Automotive Technologies Private Limited	129,990	99.9
2.	Comstar Automotive Technologies Private Limited jointly with Sat Mohan Gupta	10	Negligible
<b>Total</b>		<b>130,000</b>	<b>100</b>

### *Foreign Subsidiaries*

#### **1. Comstar Automotive USA LLC (“CAUL”)**

##### *Corporate information*

CAUL was incorporated on October 9, 2012 as a limited liability company under the Delaware Limited Liability Company Act. Its registered office is located at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, USA.

#### *Nature of business*

CAUL is engaged in the business of design, manufacture and supply of automotive components to major OEMs manufacturing four wheelers.

#### *Capital structure*

The capital structure of CAUL is as follows:

Authorised	Aggregate nominal value
250,000 shares of USD 1 each	USD 250,000
Issued, subscribed and paid up	
250,000 shares of USD 1 each	USD 250,000

#### *Shareholding pattern*

The shareholding pattern of CAUL is as follows:

S. No.	Name of the shareholder	No. of equity shares of USD 1 each	Percentage of shareholding (%)
1.	Comstar Automotive	250,000	100
<b>Total</b>		<b>250,000</b>	<b>100</b>

### **2. Comestel Automotive Technologies Mexicana Limited (“CATML”)**

#### *Corporate information*

CATML was incorporated on October 9, 2017 as a limited company registered under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). CATML’s company registry reference is 2589396. Its registered office is located at Unit 1307A 13/F, Two Harbourfront, 22 Tak Fung Street, Hung Hom, Kowloon, Hong Kong.

#### *Nature of business*

CATML’s primary activity includes manufacture and sales of automotive components to OEM’s manufacturing four wheelers for commercial and passenger vehicles.

#### *Capital structure*

The capital structure of CATML is as follows:

Authorised	Aggregate nominal value
100 equity shares of USD 1 each	USD 100
Issued, subscribed and paid up	
100 equity shares of USD 1 each	USD 100

#### *Shareholding pattern*

The shareholding pattern of CATML is as follows:

S. No.	Name of the shareholder	No. of ordinary shares of USD 1 each	Percentage of shareholding (%)
1.	Comstar Automotive HK	100	100
<b>Total</b>		<b>100</b>	<b>100</b>

### **3. Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V (“CATM”)**

#### *Corporate information*

CATM was incorporated on January 17, 2017 and is a wholly foreign owned investment enterprise under the “Ley General de Sociedades Mercantiles” or the General law of Commercial Companies in conformity with Mexican Legislation with a FME Reference (Customer Identification Number) N 2017026101. Its



registered office is located at Logistica Integral del Bajio, Warehouses 1 and 3 of Iraupato Street, No. 204, Corner with Salamanca street, Fraccionamiento Ciudad, Industrial 36541 Irapuato, Guanajuato, Mexico.

#### *Nature of business*

CATM's primary activity includes manufacture and sales of automotive components to OEM's manufacturing four wheelers for commercial and passenger vehicles and also engages in professional and manpower consultancy services to other companies.

#### *Capital structure*

The capital structure of CATM is as follows:

<b>Authorised</b>	<b>Aggregate nominal value</b>
NA	Mexican Peso 32,496,785
<b>Issued, subscribed and paid up</b>	
NA	Mexican Peso 32,496,785

#### *Shareholding pattern*

The shareholding pattern of CATM is as follows:

<b>S. No.</b>	<b>Name of the shareholder</b>	<b>Value of shares of face value of Mexican Peso 200 each</b>	<b>Percentage of shareholding (%)</b>
1.	CATML	Mexican Peso 32,496,585	99.9
2.	Comstar Automotive USA LLC	Mexican Peso 200	0.1
<b>Total</b>		<b>32,496,785</b>	<b>100</b>

#### **4. Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V ("CATMS")**

#### *Corporate information*

CATMS was incorporated on January 17, 2017 and is a wholly foreign owned investment enterprise incorporated in Irapuato, Mexico under "Ley General de Sociedades Mercantiles" or the General law of Commercial Companies in conformity with Mexican Legislation with a FME Reference (Customer Identification Number) N 2017025334. Its registered office is located in Logistica Integral del Bajio, Warehouses 1 and 3 of Iraupato Street, No. 204, Corner with Salamanca street, Fraccionamiento Ciudad Industrial C.P. 36541, Irapuato, Guanajuato, Mexico, USA.

#### *Nature of business*

CATMS' primary activity includes manufacture and sales of automotive components to OEM's manufacturing four wheelers for commercial and passenger vehicles and also engages in professional and manpower consultancy services to other companies.

#### *Capital structure*

The capital structure of CATMS is as follows:

<b>Authorised</b>	<b>Aggregate nominal value</b>
100 equity shares of Mexican Peso 200 each	Mexican Peso 20,000
<b>Issued, subscribed and paid up</b>	
100 equity shares of Mexican Peso 200 each	Mexican Peso 20,000

#### *Shareholding pattern*

The shareholding pattern of CATMS is as follows:

<b>S. No.</b>	<b>Name of the shareholder</b>	<b>No. of equity shares of Mexican Peso 200 each</b>	<b>Percentage of shareholding (%)</b>
1.	Comstar Automotive HK	99	99%

S. No.	Name of the shareholder	No. of equity shares of Mexican Peso 200 each	Percentage of shareholding (%)
2.	Comstar Automotive Technologies Private Limited	1	1%
<b>Total</b>		<b>100</b>	<b>100</b>

#### 5. *Comstar Automotive (Hangzhou) Co. Ltd. (“CAHCL”)*

##### *Corporate information*

CAHCL was incorporated on August 27, 2015 and is a wholly foreign owned investment enterprise under “Foreign Investment Enterprise Law of the People’s Republic of China”, “Company Law of the People’s Republic of China” and relevant laws and regulations as applicable in China. CAHCL obtained its business license with unified social credit code no: 91330109336456925R. Its registered office is located at Building #4, No 557-1 Gaotang Road, Guali Xiaoshan district, Hangzhou City, Zhejiang Province, China.

##### *Nature of business*

CAHCL’s primary activity includes manufacture and sales of automotive components to OEM’s manufacturing four wheelers for commercial and passenger vehicles.

##### *Capital structure*

The capital structure of CAHCL is as follows:

Authorised	Aggregate nominal value
NA	USD 2,740,000
Issued, subscribed and paid up	
NA	USD 1,740,000 or RMB 11,199,473

##### *Shareholding pattern*

The shareholding pattern of CAHCL is as follows:

S. No.	Name of the shareholder	Value of equity shares	Percentage of shareholding (%)
1.	Comstar Automotive HK	USD 1,740,000	100
<b>Total</b>		<b>USD 1,740,000</b>	<b>100</b>

#### 6. *Comstar Hongkong Mexico No. 1 LLC (“CHM”)*

##### *Corporate information*

CHM was incorporated under the Delaware Limited Liability Company Act effective December 1, 2016 with Corporate ID EIN 32-0514708. Its registered office is located at 840 West Long Lake Road, Suit 150, Tray, Michigan 48098, USA.

##### *Nature of business*

CHM is authorised to operate as an investment holding company and support investments in group companies for its parent company.

##### *Capital structure*

The capital structure of CHM is as follows:

Authorised	Aggregate nominal value
10 equity shares of USD 1 each	USD 10
Issued, subscribed and paid up	
10 equity shares of USD 1 each	USD 10

### Shareholding pattern

The shareholding pattern of CHM is as follows:

S. No.	Name of the shareholder	No. of equity shares of USD 1 each	Percentage of shareholding (%)
1.	Comstar Automotive HK	10	100
<b>Total</b>		10	<b>100</b>

### Subsidiaries acquired by our Company

The details of the subsidiaries acquired by our Company are set out below:

Name of the Subsidiary acquired	Date of acquisition	Consideration (USD million)	Consideration (In ₹ million)
Comstar Automotive Technologies Private Limited, along with its step-down subsidiaries namely, Comstar Automotive USA LLC and Comstar Automotive Technologies Services Private Limited	July 5, 2019	120.69	8,293.39
Comstar Automotive Hong Kong Limited along with its subsidiaries, namely, Comstar Automotive (Hangzhou) Co. Ltd., Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V, Comstar Hong Kong Mexico No. 1, LLC, Comestel Automotive Technologies Mexicana Ltd and Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	July 5, 2019	3.31	227.32

### Accumulated profits or losses

Except as disclosed below, as on March 31, 2021, there are no accumulated profits or losses of our Subsidiaries that have not been accounted for or consolidated by our Company.

The majority shareholding in Sona Holdings B.V., The Netherlands (“**SHBV**”), an erstwhile subsidiary of the Company, which was classified as a ‘discontinued operation’ in the consolidated financial statements for year ended and as at March 31, 2019, was sold to Sona Autocomp on July 4, 2019, and the Company therefore, did not exercise control over the erstwhile subsidiary company from this date onwards. Owing to the unavailability of the consolidated financial statements of such subsidiary company and its subsidiaries (“**Sona BV Group**”) for the period April 1, 2019 to July 4, 2019, the consolidated financial information of Sona BV Group for the period April 1, 2019 to July 4, 2019 has not been included in the Restated Consolidated Financial Information for the year ended March 31, 2020, and the assets and liabilities of Sona BV Group have been derecognized at their respective carrying values as at March 31, 2019 instead of July 4, 2019. For further details, see “*Risk Factors – Our Statutory Auditors have included an audit qualification in their examination report on Restated Consolidated Financial Information in relation to our erstwhile subsidiary, SONA Holding B.V., The Netherlands (“SONA BV”) for the year ended March 31, 2020*” and “*Financial Information*” on pages 28 and 239, respectively.

### Joint Ventures

As of the date of this Red Herring Prospectus, our Company has no joint ventures.

### Significant financial and strategic partners

Our Company does not have any significant financial or strategic partners as of the date of this Red Herring Prospectus.

### Material acquisitions or divestments of business or undertakings, mergers, amalgamations or revaluation of assets in the last 10 years

Except as disclosed below, our Company has not made any material acquisitions or divestments of any business or undertaking, and has not undertaken any mergers, amalgamation or revaluation of assets in the last 10 years:

### ***Divestment of the Sona BV Group***

Our Company entered into a share purchase and shareholders' agreement dated October 16, 2018 with Sona Autocomp, Sunjay Kapur, SHBV, Sona Autocomp Germany GmbH ("**SAGG**") and Sona BLW Prazissionchmiede GmbH ("**SBPG**"), read with the amendment agreement dated March 28, 2019 ("**Europe Separation Agreement**") pursuant to which our Company transferred 40,727 equity shares of SHBV having face value of € 500 each and 1,673,918 redeemable preference shares of SHBV having face value of € 5 each, together representing 81% of the issued and outstanding share capital of SHBV on a fully diluted basis, to Sona Autocomp for an aggregate consideration of ₹ 1,399.48 million. The transfer was completed on July 4, 2019 and the Sona BV Group comprising SAGG, Sona BLW Driveline LLC, Sona BLW Precision Forge, Inc., Sona Autocomp USA LLC, PHT Beteiligungs GmbH and Co. KG, Sona BLW Hungary Limited, Sona BLW-Hilfe GmbH and SBPG (collectively referred to as, the "**Sona BV Group**") ceased to be subsidiaries of our Company with effect from July 4, 2019.

The Europe Separation Agreement provides for certain non-compete restrictions on setting up business in India, China and USA, and non-solicitation provisions in relation to certain customers and employees which are required to be complied with by Sona Autocomp, SHBV, SAGG, SBPG and the Sona BV Group for a stipulated period of time, among other things.

In terms of the Europe Separation Agreement, our Company granted SHBV and the Sona BV Group the right to certain intellectual property including certain trademarks and logos ("**Brand**") on a worldwide, non-exclusive, non-assignable, non-transferable and royalty free basis, subject to certain conditions. On or from the expiry of 24 months from July 4, 2019 the Sona BV Group is required to adopt trademarks or logos which are substantially different from the ones used by our Company, however, the Sona BV Group is entitled to use the word "Sona" in their corporate names and business designations, subject to Sona Autocomp remaining in control and holding a majority of the equity shares of SHBV, among other things. The Europe Separation Agreement also provides for certain transfer pricing and services arrangements, among other things. As per the terms of the Europe Separation Agreement, Sona Autocomp and SHBV are required to indemnify our Company and its representatives for breach of the customary representations and warranties contained in the Europe Separation Agreement, and noncompliance with non-compete and non-solicit provisions, among other things. For further details, see "*Key terms of other subsisting material agreements*".

Our Company continues to hold 9,953 equity shares and 392,647 outstanding redeemable preference shares of SHBV aggregating 19% of the of the issued and outstanding share capital of SHBV on a fully diluted basis. Our subsisting rights in respect of SHBV are governed by the terms of the Europe Separation Agreement. Such rights include (i) right to appoint nominee directors on the board of SHBV; (ii) inspection rights; (iii) pre-emptive rights in case of further capital raises; and (iv) right of first offer, tag-along rights and drag rights in the event of certain proposed transfer of shares by certain parties.

### ***Acquisition of Comstar Entities***

Our Company entered into a share purchase agreement dated October 16, 2018 with Comstar Automotive, Comstar Automotive HK and Singapore Topco, read with the amendment agreement dated July 2, 2019 ("**SPA**"), pursuant to which our Company acquired 64,527,564 fully paid up equity shares of Comstar Automotive constituting 100% of the equity share capital of Comstar Automotive on a fully diluted basis and 1,878,801 equity shares of Comstar Automotive HK constituting 100% of the equity share capital of Comstar Automotive HK on a fully diluted basis, for an aggregate consideration of approximately USD 124 million ("**Purchase Consideration**"). Our Company has *inter-alia* received certain customary representations and warranties from Singapore Topco in relation to the title to the shares of the Comstar Entities, non-existence of pre-emption rights, lock-in etc. on the shares of the Comstar Entities and all necessary approvals and filings of Comstar Entities being in order, prior to the SPA. In addition, our Company is entitled to certain representations and warranties along with associated indemnities provided by Comstar Mauritius Limited and Comstar Holdings Pte. Ltd. under the share purchase agreement dated January 1, 2018 executed amongst Comstar Mauritius Limited, Comstar Holdings Pte. Limited, Comstar International Limited, Comstar Automotive Technologies USA LLC, Comstar Entities and Singapore Topco. In terms of the SPA, our Company agreed to acquire the Comstar Entities subject to completion of certain conditions precedent and subject to, among others, (a) availability of a report by a chartered accountant or merchant banker and price of sale of shares of Comstar Entities being equal to the fair market value of the shares set out in the report; (b) Singapore Topco, Comstar Automotive and Comstar Automotive HK having obtained consents, approvals and/or releases, as may be required from their lenders; and (c) articles of association of Comstar Automotive being in agreed form between Singapore Topco, our Company and Sona Autocomp to give effect to the relevant provisions of the shareholders agreement.

As per the terms of the SPA, the liability of Singapore Topco for breach of the representations and warranties provided by it and the Comstar Entities, is limited to the Purchase Consideration, subject to tax gross up, except in case of liability arising as a result of fraud or wilful misconduct. The acquisition was completed on July 5, 2019 and the Comstar Entities became Subsidiaries of our Company with effect from July 5, 2019. For further details on the impact of the acquisition of Comstar Entities, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Acquisition of the Comstar Entities and Divestment of Sona BV and its Subsidiaries*” on page 364. For details of the impact on the asset-liability position of the acquisition on our Company, see “*Business Combinations*” on page 372.

### ***Scheme of amalgamation of Comstar Automotive with our Company***

Our Company has filed a scheme of amalgamation under sections 230 to 232 of the Companies Act, 2013, read with the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016 before the NCLT Chandigarh (the “**Scheme**”). The Scheme was approved by our Board on December 20, 2019. The rationale for the proposed merger is for consolidation and simplification of existing structure and more focussed operational efforts, realising synergies in terms of compliance, governance, administration and costs, among other things. Pursuant to the Scheme, Comstar Automotive is proposed to merge with our Company. July 5, 2019 is the appointed date. With effect from the appointed date, the entire business of Comstar Automotive, including all its properties and assets (whether movable/ immovable or tangible/ intangible) and all nature of liabilities is proposed to stand transferred to our Company on a going concern basis. The Scheme is pending approval by the NCLT Chandigarh and is subject to receipt of requisite approvals.

### **Shareholders’ agreements and other agreements**

#### ***Key terms of subsisting shareholders’ agreements***

***The share subscription and share purchase agreement dated October 16, 2018 executed among our Company, Sona Autocomp, Sunjay Kapur, JM Financial Trustee and BCP Topco VI Pte. Ltd (the “SSSPA”) and the shareholders’ agreement dated October 16, 2018 executed among our Company, Sona Autocomp, Sunjay Kapur and BCP Topco VI Pte. Ltd. (the “SHA”), read with (i) the assignment agreement dated February 14, 2019 executed between BCP Topco VI Pte. Ltd and the Singapore Topco (“Assignment Agreement”); (ii) the deed of adherence dated February 14, 2019 to the SHA executed between the Singapore Topco and BCP Topco VI Pte. Ltd. (“DoA”); and (iii) the waiver cum amendment agreement dated February 22, 2021 read with the first amendment agreement dated May 27, 2021 to the waiver cum amendment agreement entered into amongst our Company, Singapore Topco, Sona Autocomp and Sunjay Kapur (“SHA Amendment Agreement”)***

Pursuant to the SSSPA, BCP Topco VI Pte. Ltd, directly or through its Affiliates (“**Investor**”) agreed to subscribe to 22,028,503 Equity Shares and 594,436 Preference Shares of our Company for an aggregate consideration of ₹ 8,706 million (“**Subscription Consideration**”). Further, as per the terms of the SSSPA, the Investor agreed to acquire from JM Financial Trustee 9,024,687 Equity Shares for an aggregate consideration of ₹ 3,576 million. In accordance with the terms of the SSSPA, JM Financial Trustee, our Company and Sona Autocomp have represented and warranted to BCP Topco VI Pte. Ltd certain confirmations in relation to factual and legal matters including due incorporation, right to own assets, authority to enter into SSSPA and prior consent or approval from governmental authority, provided to the Investor in SSSPA were true and correct as on the date of SSSPA. Further, JM Financial Trustee, our Company and Sona Autocomp have also provided an indemnity to BCP Topco VI Pte. Ltd to indemnify and hold harmless the shareholders, affiliates, directors, officers, employees and managers of BCP Topco VI Pte. Ltd for any misstatement or breach of warranties provided and any failure or breach to fulfil any agreement, covenant or obligation set out under the SSSPA. BCP Topco VI Pte. Ltd’s rights and obligations under the SSSPA and SHA were assigned to Singapore Topco, being an affiliate of BCP Topco VI Pte. Ltd, pursuant to the Assignment Agreement and the subscription and acquisition of the Equity Shares and Preference Shares pursuant to the SSSPA was completed by Singapore Topco. Singapore Topco thereafter entered into the DoA pursuant to which it became entitled to the rights and obligations of BCP Topco VI Pte. Ltd. under the SHA.

In terms of the SHA, the Investor has certain rights and obligations, among others, the right to appoint nominee directors on our Board along with the right to appoint a majority of the directors on the Board and a majority of the members on the committees of the Board; appointment of certain key management personnel; information and inspection rights; pre-emptive rights; certain transfer restrictions on proposed transfers of shares by certain parties; rights in relation to an initial public offering etc. Sona Autocomp is also entitled to rights and obligations, among others, the right to appoint nominee directors on our Board; reserved matter rights; certain transfer restrictions in the event of proposed transfers of shares by certain parties; appointment of certain key management personnel etc. Other than on reserved matters, Sona Autocomp is required to ensure that its nominee directors and/or

authorised representative at all times vote along with and in a manner similar to the Investor's nominee directors/ Investor's authorised representative at Board and/or Shareholder meetings, respectively, to the extent permitted under applicable law and subject to certain conditions. Further, as per the terms of the SHA, Sunjay Kapur has the right to be appointed as the non-executive Chairman of the Board subject to certain conditions.

In addition, Sona Autocomp, Sunjay Kapur and their affiliates (directly or indirectly) are subject to certain non-compete obligations under the SHA and non-compete letter dated October 16, 2018 entered into between BCP Topco VI Pte. Ltd. and Sona Autocomp, pursuant to which they are required to conduct or operate businesses being conducted by our Company or businesses similar to our Company's business through our Company or our Subsidiaries exclusively, and for a stipulated amount of time, certain other non-compete restrictions on establishment, investment and development of a competing business, product or service, among other restrictions. The SHA also provides for non-solicitation restrictions applicable to Sona Autocomp, Sunjay Kapur and their affiliates for a stipulated period of time. Singapore Topco has agreed to continue paying an upfront annual fee to Sona Autocomp in this regard *inter alia* until the earlier of the date on which Sunjay Kapur ceases to be the Chairman of our Company or upon Singapore Topco ceasing to hold shares below specified thresholds.

The parties to the SHA have entered into the SHA Amendment Agreement, which was effective from February 22, 2021 i.e. the date on which the Draft Red Herring Prospectus was approved by our Board, and shall remain in effect until the earlier of: (i) the IPO long stop date, i.e., one year from the execution date of the SHA Amendment Agreement, or such extended date as may be mutually agreed amongst the parties; (ii) consummation of the Offer; (iii) the date on which the Board and Singapore Topco jointly decide not to undertake the Offer; or (iv) the date on which the offer document filed by the Company is rejected by SEBI and/or one or more of the recognised stock exchanges, unless the offer document is successfully re-filed with the relevant authorities within 15 days from the date on which it was first rejected ("**Term**"). Pursuant to the SHA Amendment Agreement, the Investor has agreed to waive its information rights under the SHA from the date of filing of this Red Herring Prospectus until the expiry of the Term. Further, the rights that are otherwise available to the parties under the SHA shall stand terminated from the receipt of final listing and trading approvals from the Stock Exchanges for the listing and trading of the Equity Shares of the Company.

In the event that the Offer is not completed on or prior to the IPO long stop date, or if the Board and Singapore Topco jointly decide not to undertake the Offer, the SHA Amendment Agreement shall stand immediately and automatically terminated with effect from the long stop date or the date on which the Board and Singapore Topco jointly decide not to undertake the IPO, without any further action by any party and the provisions of the SHA shall be deemed to have been in force during the period between the execution date and the date of termination of the SHA Amendment Agreement, without any break or interruption whatsoever.

***Inter se agreement dated February 22, 2021 executed among Singapore Topco, Sona Autocomp and Sunjay Kapur read with first amendment agreement dated May 26, 2021 (the "Inter-se Agreement")***

Singapore Topco, Sona Autocomp and Sunjay Kapur have entered into the Inter-se Agreement to govern the inter-se relationship amongst parties with respect to the Company. Certain clauses of the Inter-se Agreement shall come into force from the date of the Inter-se Agreement while other clauses will come into force from the date of receipt of final listing and trading approval from the Stock Exchanges for the listing and trading of Equity Shares of the Company.

Pursuant to the Inter-se Agreement, the parties have agreed that they shall exercise their rights in the Company to enable Singapore Topco to appoint at least the majority of the non-independent directors on the Board and for Sona Autocomp to appoint the remaining non-independent directors on the Board, until such time that Sona Autocomp continues to hold at least 7.5% of the total Equity Share capital of the Company on a fully diluted basis.

The Inter se Agreement also provides for inter-se transfer restrictions amongst parties, including a right of first refusal in the event of proposed transfer of shares by certain parties. In addition, Sona Autocomp is permitted to transfer its Equity Shares to third parties subject to compliance with certain conditions such as providing a right of first refusal to Singapore Topco, obtaining the prior consent of Singapore Topco prior to undertaking any transfers to strategic investors, or creating any encumbrance in favour of any third persons other than any financial institution in connection with any indebtedness for business purpose of Sona Autocomp and its Associates or the Company or other permitted encumbrances. Sona Autocomp and Sunjay Kapur are also required to comply with certain non-compete restrictions on establishing and operating businesses similar to the Company, and non-solicitation restrictions *inter alia* in relation to certain customers and employees, for a stipulated period of time.

### ***Agreements with Key Managerial Personnel, Director, or any other employee***

Except as disclosed below, there are no agreements entered into by a Key Managerial Personnel or Director or Promoters or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company:

#### ***Exit Return Incentive Plan***

Singapore Topco has adopted an exit return incentive plan (“**ERI Plan**”) pursuant to which Singapore Topco will reward certain identified employees of our Company and Subsidiaries, including each of our Key Managerial Personnel, with cash awards based on the multiple of the invested capital and the aggregate sale proceeds received by Singapore Topco upon certain disposition events in relation to its interest in our Company, which awards may be paid over a two-year period following relevant disposition event. These cash awards will be paid to such employees entirely by Singapore Topco (without any recourse or liability to our Company). Our Company will seek the approval of the Board of Directors and the Shareholders in relation to the ERI Plan, post the listing of the Equity Shares, in compliance with Regulation 26(6) of the Listing Regulations. Further, the Company undertakes to make appropriate disclosures of awards made under the ERI Plan on an ongoing basis.

#### ***Key terms of other subsisting material agreements***

##### ***Brand ownership agreement dated March 28, 2019 (“BOA”) executed between our Company, Sona Autocomp, Sunjay Kapur, Sona Management Services Limited (“SMSL”) and Sona Skill Development Centre Limited (“SSDCL”)***

Our Company entered into the BOA pursuant to which SMSL irrevocably and perpetually transferred and assigned on a worldwide, exclusive, transferable and sub-license basis all the intellectual property owned by SMSL including trademarks and domain names (“**Sona IP**”) to our Company for an aggregate consideration of approximately ₹ 650 million. Our Company became the legal and beneficial owner, proprietor of, and exclusive owner of all rights, title and interest in connection with the Sona IP. As per the terms of the BOA, our Company has granted Sona Autocomp, SMSL and SSDCL (“**Licensees**”) on a worldwide, non-exclusive, non-transferable, non-sub-license basis the right to use the brand name “Sona” in their respective corporate names until the expiry of 36 months from July 6, 2019, (“**License**”), subject to certain conditions. Our Company has the right to terminate the License in case there has been a breach or violation by Sona Autocomp of the terms of the SHA, and the Licensees conduct business in a manner materially detrimental to the goodwill or reputation of our Company, among other things.

##### ***German brand ownership agreement dated March 28, 2019 (“GBOA”) executed between our Company, Sona Autocomp, Sona BLW Prazissionchmiede GmbH and Sunjay Kapur***

Our Company entered into the GBOA with Sona Autocomp, SBPG and Sunjay Kapur pursuant to which SBPG irrevocably and perpetually transferred and assigned on a worldwide, exclusive, transferable, sub-license basis certain intellectual property including trademarks (“**Sona Germany IP**”) to our Company for an aggregate consideration of approximately € 225,000. Our Company became the legal and beneficial owner, proprietor of, and exclusive owner of all rights, title and interest in connection with the Sona Germany IP. In addition, as per the terms of the Europe Separation Agreement, our Company granted the Sona BV Group the right to use Sona Germany IP.

Other than as disclosed above, our Company has not entered into any material agreement including with strategic partners, joint venture partners, and/or financial partners other than in the ordinary course of business of our Company.

#### ***Guarantees given by our Promoters***

Our Promoters have not provided any guarantees on behalf of our Company. For details, see “*Our Promoters and Promoter Group*” and “*Financial Indebtedness*” on pages 230 and 359, respectively.

## OUR MANAGEMENT

In terms of our Articles of Association, our Company is required to have not less than three Directors and not more than 15 Directors. As on the date of this Red Herring Prospectus, our Board comprises eight Directors, including four Independent Directors (including one woman independent director), one Executive Director, and three Non-Executive Directors.

Details regarding our Board as on the date of this Red Herring Prospectus are set forth below:

S. No.	Name, DIN, designation, term, period of directorship, address, occupation, date of birth and age	Other Directorships
1.	<p><b>Sunjay Kapur</b></p> <p><b>Designation:</b> Chairman and Non-Executive Director</p> <p><b>Term:</b> With effect from July 5, 2019 and not liable to retire by rotation*</p> <p><b>Period of Directorship:</b> Director since August 22, 2006</p> <p><b>Address:</b> 11, The Green, Rajokri, New Delhi-110038, India</p> <p><b>Occupation:</b> Businessman</p> <p><b>Date of Birth:</b> October 15, 1971</p> <p><b>DIN:</b> 00145529</p> <p><b>Age:</b> 49</p>	<p><b>Indian Companies</b></p> <ol style="list-style-type: none"> <li>1. Automotive Component Manufacturers Association of India;</li> <li>2. Azarias Advance Systems Private Limited;</li> <li>3. B R S Finance and Investment Company Private Limited;</li> <li>4. Comstar Automotive;</li> <li>5. Indian Public Schools Society;</li> <li>6. Raghuvanshi Investment Private Limited;</li> <li>7. Sona Autocomp; and</li> <li>8. Sona Management Services Limited.</li> </ol>
2.	<p><b>Vivek Vikram Singh</b></p> <p><b>Designation:</b> Managing Director and Group Chief Executive Officer</p> <p><b>Term:</b> Three years with effect from July 5, 2019 and liable to retire by rotation</p> <p><b>Period of Directorship:</b> Director since July 5, 2019</p> <p><b>Address:</b> House No. 14/907, Heritage City, DLF Phase -2, Gurgaon-122002, Haryana, India</p> <p><b>Occupation:</b> Service</p> <p><b>Date of Birth:</b> July 24, 1979</p> <p><b>DIN:</b> 07698495</p> <p><b>Age:</b> 41</p>	<p><b>Indian Companies</b></p> <ol style="list-style-type: none"> <li>1. Comstar Automotive.</li> </ol>
3.	<p><b>Amit Dixit</b></p> <p><b>Designation:</b> Non – Executive Director (Nominee)</p> <p><b>Term:</b> With effect from July 5, 2019 and liable to retire by rotation</p> <p><b>Period of Directorship:</b> Director since July 5, 2019</p> <p><b>Address:</b> The Imperial, Flat no. 2102, South Tower, B.B. Nakashe Marg, Tardeo, Mumbai-400034, Maharashtra, India</p> <p><b>Occupation:</b> Investor</p>	<p><b>Indian Companies</b></p> <ol style="list-style-type: none"> <li>1. Aadhar Housing Finance Limited.</li> <li>2. Aakash Educational Services Limited;</li> <li>3. Blackstone Advisors India Private Limited;</li> <li>4. Comstar Automotive;</li> <li>5. EPL Limited;</li> <li>6. Jagran Prakashan Limited;</li> </ol>



S. No.	Name, DIN, designation, term, period of directorship, address, occupation, date of birth and age	Other Directorships
	<b>Date of Birth:</b> January 26, 1973 <b>DIN:</b> 01798942 <b>Age:</b> 48	7. Midday Infomedia Limited; 8. Mphasis Limited; 9. PGP Glass Private Limited <i>Foreign Companies</i> 1. IBS Software Pte. Ltd.; 2. TU TopCo Inc.; 3. TU MidCo Inc.; and 4. TU BidCo Inc.
4.	<b>Ganesh Mani</b> <b>Designation:</b> Non – Executive Director (Nominee) <b>Term:</b> With effect from July 5, 2019 and liable to retire by rotation <b>Period of Directorship:</b> Director since July 5, 2019 <b>Address:</b> 4/149, Shobha, Major Parameshwaran Road, Wadala, Mumbai-400031, Maharashtra, India <b>Occupation:</b> Service <b>Date of Birth:</b> January 1, 1988 <b>DIN:</b> 08385423 <b>Age:</b> 33	<i>Indian Companies</i> 1. Comstar Automotive <i>Foreign Companies</i> 1. Comstar Automotive HK
5.	<b>Jeff M. Overly</b> <b>Designation:</b> Independent Director <b>Term:</b> Five years with effect from February 12, 2021 <b>Period of Directorship:</b> Director since February 12, 2021 <b>Address:</b> 103, College Drive, Davidson, North Carolina, United States 28036 <b>Occupation:</b> Professional <b>Date of Birth:</b> April 27, 1958 <b>DIN:</b> 09041143 <b>Age:</b> 63	<i>Foreign Companies</i> 1. Performance Food Group; 2. Schenck Process Holding GmbH; 3. Packer Sanitation Services Incorporated; and 4. Comstar Automotive USA LLC.
6.	<b>Prasan Abhaykumar Firodia</b> <b>Designation:</b> Independent Director <b>Term:</b> Five years with effect from January 27, 2021 <b>Period of Directorship:</b> Director since January 27, 2021	<i>Indian Companies</i> 1. Force Motors Limited; 2. Force MTU Power Systems Private Limited; 3. Jaya Hind Industries Private Limited; and

S. No.	Name, DIN, designation, term, period of directorship, address, occupation, date of birth and age	Other Directorships
	<b>Address:</b> Sanmitra, 132-B, Ganeshkhind Road, Pune-411007, Maharashtra, India <b>Occupation:</b> Business <b>Date of Birth:</b> February 16, 1979 <b>DIN:</b> 00029664 <b>Age:</b> 42	4. Jaya Hind Montupet Private Limited.
7.	<b>Shradha Suri</b> <b>Designation:</b> Independent Director <b>Term:</b> Five years with effect from August 5, 2020 <b>Period of Directorship:</b> Director since August 5, 2020 <b>Address:</b> N-101, Panchsheel Park, New Delhi-110017, India <b>Occupation:</b> Business <b>Date of Birth:</b> March 22, 1978 <b>DIN:</b> 00176902 <b>Age:</b> 43	<b>Indian Companies</b> 1. Asahi India Glass Limited; 2. Automotive Component Manufacturers Association of India; 3. Fibcom India Limited; 4. GLOBALYDK Electric Private Limited; 5. Mercantile Capitals and Financial Services Private Limited; 6. Prima Infratech Private Limited; 7. Prima Telecom Limited; 8. Rohan Motors Limited; 9. Subros Limited; and 10. Uniparts India Limited.
8.	<b>Venkata Rama Subbu Behara (B V R Subbu)</b> <b>Designation:</b> Independent Director <b>Term:</b> Five years with effect from July 5, 2019 <b>Period of Directorship:</b> Director since July 5, 2019 <b>Address:</b> House-23, Road-1, Shanti Niketan, Chanakya Puri, New Delhi-110021, India <b>Occupation:</b> Consultant <b>Date of Birth:</b> February 14, 1954 <b>DIN:</b> 00289721 <b>Age:</b> 67	<b>Indian Companies</b> 1. Altius Leo Automotive Private Limited; 2. Altius Trucks Sales and Service Private Limited; 3. Ampere Vehicles Private Limited; 4. Beyond Visual Range Consulting Private Limited; 5. Comstar Automotive; 6. Eurofinance Training Private Limited; 7. Eurofinance Training and Publishing Private Limited; 8. Greaves Cotton Limited; 9. KPIT Technologies Limited; 10. MTAR Technologies Limited; 11. NMC Automotive Infrastructure Private Limited; 12. Octogence Digital Systems Private Limited;

S. No.	Name, DIN, designation, term, period of directorship, address, occupation, date of birth and age	Other Directorships
		13. Octogence Technologies Private Limited; and 14. Ola Electric Mobility Private Limited.

*\* Re-appointed as Chairman with effect from February 22, 2021.*

### Relationship between our Directors and our Key Managerial Personnel

None of our Directors are related to each other or to any of the Key Managerial Personnel.

### Brief Biographies of Directors

**Sunjay Kapur** is the Chairman and Non-Executive Director of our Company. He holds a bachelor's degree in science (business studies) from the University of Buckingham. He has over 21 years of experience in the automotive industry. He also served as director on the board of directors of various companies and was the managing director of Sona Koyo Steering Systems Limited (now JTKET India Limited). He holds membership in various autonomous bodies, such as Automotive Component Manufacturers Association of India where he has been appointed as the Vice President, and the Confederation of Indian Industry. He is also acting as the chairman of the Haryana State Council and the co-chairman of the Manufacturing Council of the Confederation of Indian Industry and has been an erstwhile chairman of the Entrepreneurs' Organization. He has been appointed as a member of the board of governors of the Doon School, Dehradun. Prior to his appointment as the Chairman and Non-Executive Director, he served as the managing director on our Board.

**Vivek Vikram Singh** is the Managing Director and Group Chief Executive Officer of our Company. He holds a bachelor's degree in technology (computer science and engineering) from HBTI, Kanpur and a post graduate diploma in management from the Indian Institute of Management, Ahmedabad. He has over 15 years of experience, including six years of experience in the automotive industry. He is *inter alia* responsible for overseeing the production of auto components and systems platform in electric vehicles and hybrids, capital allocation decisions, external shareholder management at our Company. He was recognised as one of the India's 40 under forty hottest business leaders by the Economic Times in 2018. He joined our Company on July 1, 2016. He was appointed as the Managing Director and Group Chief Executive Officer on our Board with effect from July 5, 2019.

**Amit Dixit** is a Nominee Director of our Company. He holds a bachelor's degree of technology in civil engineering from the Indian Institute of Technology, Bombay, (where he was awarded the institute silver medal) a master's degree in science in civil engineering from the Leland Stanford Junior University and a master's degree in business administration from Harvard University. He has significant experience in various investments and investment opportunities in India and South Asia. He is a senior managing director and head of Asia for Blackstone Private Equity. He has been associated with various companies including Mphasis Limited, Aadhar Housing Finance Limited, EPL Limited, Aakash Educational Services Limited, IBS Software Pte. Ltd., among others. He was appointed as a Nominee Director on our Board with effect from July 5, 2019.

**Ganesh Mani** is a Nominee Director of our Company. He holds a bachelor's degree of technology in mechanical engineering from the Indian Institute of Technology, Bombay. He is currently managing director with the private equity business group of the Blackstone Group in India. Since joining Blackstone in 2011, he has been involved in the execution of several investments at Blackstone Advisors India Private Limited and in the evaluation of investment opportunities across sectors in South Asia. Prior to joining the Blackstone group, he was working as an associate at the Boston Consulting Group. He was appointed as a Nominee Director on our Board with effect from July 5, 2019.

**Jeff M. Overly** is an Independent Director of our Company. He holds a bachelor's degree of science in industrial management from the University of Cincinnati and a master's degree of science in admin from Central Michigan University. He is on the board of directors of, among others, Performance Food Group, Schenck Process Holding GmbH and Packer Sanitation Services Incorporated. Prior to joining our Company, he has worked with The Blackstone Group for approximately 10 years where he also served as the operating partner. He was appointed as an Independent Director on our Board with effect from February 12, 2021.

**Prasan Abhaykumar Firodia** is an Independent Director of our Company. He holds a bachelor's degree of arts in international business from the Regents Business School, London. He has over 12 years of experience in the

automotive industry. He is the managing director of Force Motors Limited and the trustee and president of the Aluminium Casters Association and is also a member of the Society of Indian Automobile Manufacturers. Under his leadership, Jaya Hind Industries Private Limited won the “Best Foundry in India– Large Sector” award in 2008, 2010, 2014, 2016 and 2018. He is also the managing director of Jaya Hind Industries Private Limited and a director on the board of directors of, among others, Force MTU Power Systems Private Limited and Jaya Hind Montupet Private Limited. He was appointed as an Independent Director on our Board with effect from January 27, 2021.

**Shradha Suri** is an Independent Director of our Company. She holds a master’s degree of science in international marketing and management from the University of Leeds and a master’s of science in analysis, design and management of information systems from the London School of Economics and Political Science, University of London. She has over 20 years of experience in the automotive industry. She is the Managing Director of Subros Limited and has played a key role in the management of affairs, formulation and implementation of policies, directing strategy towards profitable growth and operations for Subros Limited. She is also the chairperson of Northern Region of Automotive Components Manufacturers Association of India and a member of Confederation of Indian Industry Manufacturing Council. She was appointed as an Independent Director on our Board with effect from August 5, 2020.

**Venkata Rama Subbu Behara (B V R Subbu)** is an Independent Director of our Company. He holds a bachelor’s degree in arts (honours) from the Bangalore University and a master’s degree of arts in economics from the Jawaharlal Nehru University. He also holds a post graduate diploma in international trade from the Indian Institute of Foreign Trade. He is an auto industry veteran who has served as the president of Hyundai Motor India Limited and earlier held positions in Tata Motors Limited. He is a presently a director on the board of directors of KPIT Technologies Limited, Ola Electric Mobility Private Limited, Greaves Cotton Limited, Ampere Vehicles Private Limited and MTAR Technologies Limited, among others. He was appointed as an Independent Director on our Board with effect from July 5, 2019.

### **Confirmations**

None of our Directors is or was a director of any listed company during the five years immediately preceding the date of this Red Herring Prospectus, whose shares have been or were suspended from being traded on any stock exchange during their tenure.

None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange during their tenure.

Except for (a) Vivek Vikram Singh (nominated as Group Chief Executive Officer of our Company) and Sunjay Kapur who were nominated by Sona Autocomp in terms of the SHA on our Board; and (b) Ganesh Mani and Amit Dixit who were nominated by Singapore Topco, there is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any of our Directors were appointed on the Board or as a member of senior management.

Further, none of our Directors have been identified as wilful defaulters as defined under the SEBI ICDR Regulations.

### **Terms of Appointment of our Executive Director**

#### ***Vivek Vikram Singh***

Pursuant to the resolution passed by the Board on July 5, 2019, Vivek Vikram Singh was appointed as the Managing Director and Group Chief Executive Officer of our Company for a term of three years from July 5, 2019 and his appointment was subsequently approved by the Shareholders at the EGM held on July 5, 2019. Further, pursuant to the resolutions passed by our Board and Shareholders on February 12, 2021 and February 22, 2021 respectively, the term of Vivek Vikram Singh was amended to make him liable to retire by rotation. In terms of the Board resolution dated July 5, 2019, Vivek Vikram Singh is entitled to receive remuneration comprising salary, perquisites and other allowances. Pursuant to the resolution passed by our Board and Shareholders on July 5, 2019 each, his remuneration was fixed as per the provisions of Sections 196, 197 and 203 read with Schedule V of the Companies Act, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The overall remuneration payable to Vivek Vikram Singh in terms of the employment agreement dated November 25, 2019 with our Company was as follows:

Particulars	Remuneration
Basic salary	₹ 0.46 million per month
Special allowance*	₹ 0.91 million per month
Perquisites	<ul style="list-style-type: none"> <li>House rent allowance including gas, electricity, water, medical reimbursement, soft furnishings and leave travel concessions for self and family, medical insurance etc. The value of these perquisites was restricted to ₹ 0.2 million per month;</li> <li>Chauffer driven car for official duties or car allowance as per Company's policy;</li> <li>Provision of telephone / mobile as per our Company's policy;</li> <li>Company's contribution to provident fund and superannuation fund (if applicable);</li> <li>Gratuity not exceeding half month's salary for each completed year of service; and</li> <li>Encashment of leave as per Company's policy.</li> </ul>

\* In the absence or inadequacy of profits in any financial year during Vikram Vivek Singh's tenure as Group Chief Executive Officer of our Company, the above remuneration shall be the minimum remuneration payable to him. In addition to the above salary and perquisites, the variable amount to be paid may vary according to the performance of our Company and as may be decided by our Board/ Nomination and Remuneration Committee from time to time.

Vivek Vikram Singh has also entered into an employment agreement dated November 25, 2019 with our Company which includes details of his remuneration, allowances and perquisites. Further, in accordance with the employment agreement, his remuneration includes house rent allowance, special allowance, vehicle allowance, monthly reimbursements, among others.

#### Payment or benefit to Directors of our Company

Details of the sitting fees or other remuneration, including any contingent or deferred compensation accrued for the year, paid to our Directors in Financial Year 2021 are set forth below.

##### Remuneration to our Executive Director

Details of the remuneration paid to our Managing Director and Group Chief Executive Officer in Financial Year 2021 are set forth below:

S. No.	Name of executive Director	Remuneration (in ₹ million)
1.	Vivek Vikram Singh	34.73*

\* Includes variable pay of ₹ 3.03 million for Financial Year 2020 and ₹ 10.37 million for Financial Year 2021 paid in Financial Year 2021.

##### Remuneration to our Non-Executive Directors

###### (a) Chairman

Our Chairman and Non-Executive Director, Sunjay Kapur is entitled to a remuneration of ₹ 24.00 million per annum and certain perquisites such as reimbursement of travel expenses (including boarding, lodging, airfare, and conveyance) for the purposes of attending customer meetings and industry association meetings on actual basis, use of car owned by the Company with a chauffer provided by our Company, memberships to industry associations, professional bodies and clubs etc. The details of the remuneration paid to the Sunjay Kapur in the Financial Year 2021 is set forth below:

S. No.	Name of Director	Sitting Fees (in ₹ million)	Commission (in ₹ million)	Total Remuneration (in ₹ million)
1.	Sunjay Kapur	Nil	24.00	24.00

###### (b) Independent Directors

Our Independent Directors are entitled to the sitting fees of (a) ₹ 0.05 million for attending each meeting of our Board and Audit Committee; (b) ₹ 0.01 million for attending each meeting of other board committees of our Company. Details of the remuneration paid to the Independent Directors of our Company in the Financial Year 2021 are set forth below.

S. No.	Name of Independent Director	Sitting Fees (in ₹ million)	Commission (in ₹ million)	Total Remuneration (in ₹ million)
1.	Shradha Suri	0.58	Nil	0.58
2.	Prasan Abhaykumar Firodia	0.21	Nil	0.21
3.	Jeff M. Overly	0.24	0.81	1.05
4.	Venkata Rama Subbu Behara (B V R Subbu)	0.86	Nil	0.86

(c) *Nominee Directors*

The Nominee Directors are not entitled to any sitting fees for attending meetings of the Board and its Committees.

**Bonus or Profit Sharing Plan of the Directors**

None of our Directors are entitled to any bonus or profit-sharing plan of our Company.

**Remuneration paid to Directors of our Company by our Subsidiaries**

Except for Venkata Rama Subbu Behara (B V R Subbu) who was paid a sitting fees of ₹ 1.00 million for Financial Year 2021 for attending the meetings of board of directors of Comstar Automotive and the commission for Financial Year 2021 which he is entitled to receive from Comstar Automotive, none of our Directors received remuneration or are entitled to receive remuneration from our Subsidiaries for the Financial Year 2021.

**Shareholding of Directors in our Company**

As per our Articles of Association, our Directors are not required to hold any qualification shares.

As of the date of filing of this Red Herring Prospectus, none of our Directors hold any Equity Shares.

**Interests of Directors**

- (a) All our Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses, if any, payable to them by our Company as well as sitting fees, if any, payable to them for attending meetings of our Board or Committees thereof. For further details, see “– *Terms of Appointment of our Executive Director*” and “– *Payment or benefit to Directors of our Company*”.
- (b) Except for Sunjay Kapur, who is one of our Promoters, none of our Directors have any interests in the promotion or formation of our Company.
- (c) None of our Directors have any interest in any property acquired or proposed to be acquired of our Company or by our Company.
- (d) Further, none of our Directors have any interest in any transaction by our Company for acquisition of land, construction of building or supply of machinery.
- (e) No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which any of our Directors are interested as a member, by any person, either to induce him to become, or to qualify him as a Director, or otherwise for services rendered by our Directors or by the firm or company in which they are interested, in connection with the promotion or formation of our Company. However, our nominee directors may be entitled to receive remuneration and other benefits in the ordinary course of business from affiliates of the entities nominating them.
- (f) Our nominee directors may be deemed to be interested to the extent of the shareholding in our Company of the entities nominating them.
- (g) Our Directors may also be interested to the extent of Equity Shares, if any (together with dividends and other distributions in respect of such Equity Shares), held by the entities in which they are associated,

directly or indirectly, as promoters, directors, partners, proprietors or trustees or held by their relatives. Certain of our Directors may be deemed to be interested to the extent of options granted to them pursuant to ESOP 2020. For details, see “*Capital Structure*” beginning on page 77.

(h) No loans have been availed by our Directors from our Company.

### Changes in our Board in the last three years

Details of the changes in our Board in the last three years preceding the date of this Red Herring Prospectus are set forth below.

S. No.	Name	Date of Change	Reason
1.	Neeraj Mohan	February 12, 2021	Resignation due to reconstitution of the Board
2.	Jeff M. Overly	February 12, 2021	Appointment
3.	Prasan Abhaykumar Firodia	January 27, 2021	Appointment
4.	Prasan Abhaykumar Firodia	January 27, 2021	Resignation due to reconstitution of the Board
5.	Amit Jain	January 1, 2021	Resignation due to pre-occupation
6.	Shradha Suri	August 5, 2020	Appointment
7.	Pallavi Joshi Bakhru	May 2, 2020	Resignation due to conflict <i>vis-a-vis</i> a new assignment undertaken by her
8.	Rani Kapur	August 22, 2019	Resignation due to pre-occupation
9.	Bhaswati Mukherjee	August 20, 2019	Resignation due to re-constitution of the Board
10.	Siddharth Pradip Kothari	July 10, 2019	Resignation due to personal reasons
11.	Vivek Vikram Singh	July 5, 2019	Appointment
12.	Ganesh Mani	July 5, 2019	Appointment
13.	Amit Dixit	July 5, 2019	Appointment
14.	Neeraj Mohan	July 5, 2019	Appointment
15.	Amit Jain	July 5, 2019	Appointment
16.	Prasan Abhaykumar Firodia	July 5, 2019	Appointment
17.	Venkata Rama Subbu Behara (B V R Subbu)	July 5, 2019	Appointment
18.	Vadapalli Vikram Verma	July 5, 2019	Resignation due to reconstitution of the Board
19.	Jurgen Klaus Theodor Ziegler	July 5, 2019	Resignation due to personal reasons

### Borrowing Powers of Board

As per Section 180(1)(c) of the Companies Act, our Board is authorised to borrow money and create charge and/or pledge, mortgage, hypothecate on its properties, as permissible, within the overall limits prescribed under Section 180(1)(c) read with Section 180(1)(a) of the Companies Act.

### Corporate Governance

The provisions of the SEBI Listing Regulations with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. We are in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, the Companies Act and other applicable regulations of SEBI, in respect of corporate governance including in respect of the constitution of the Board and Committees thereof, and formulation and adoption of policies. Our Board has been constituted in compliance with the Companies Act and the SEBI Listing Regulations.

As on the date of this Red Herring Prospectus, our Board comprises eight Directors, including four Independent Directors (including one woman independent director), one Executive Director (who is also our Managing Director and Group Chief Executive Officer), and three Non-Executive Directors. In compliance with Section 152 of the Companies Act, not less than two thirds of the Directors (excluding Independent Directors) are liable to retire by rotation.

Our Company undertakes to take all necessary steps to continue to comply with all the requirements of SEBI Listing Regulations and the Companies Act.

## Committees of the Board

Details of the Committees are set forth below. In addition to the Committees detailed below, our Board of Directors may, from time to time constitute Committees for various functions.

### *Audit Committee*

The members of the Audit Committee are:

Sr. No.	Name of Director	Committee Designation
1.	Venkata Rama Subbu Behara (B V R Subbu)	Chairperson
2.	Prasan Abhaykumar Firodia	Member
3.	Jeff M. Overly	Member
4.	Ganesh Mani	Member

The Audit Committee was constituted pursuant to resolution passed by our Board in its meeting held on June 5, 2001 and was last reconstituted pursuant to resolution passed by our Board in its meeting held on February 12, 2021. The scope and functions of the Audit Committee are in accordance with Section 177 of the Companies Act and the SEBI Listing Regulations and its terms of reference as stipulated pursuant to resolution passed by our Board in its meeting held on February 12, 2021 are set forth below.

- Overseeing our Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
- Recommending to our Board the appointment, remuneration and terms of appointment of the auditor of our Company;
- Approving payments to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to our Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in our Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and
  - Modified opinion(s) in the draft audit report.
- Reviewing, with the management, the quarterly and half-yearly financial statements before submission to our Board for approval;
- Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to our Board to take up steps in this matter.
- Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;



- Approval or any subsequent modifications of transactions of our Company with related parties;
- Scrutinising of inter-corporate loans and investments;
- Valuation of undertakings or assets of our Company, wherever it is necessary;
- Evaluating of internal financial controls and risk management systems;
- Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussing with internal auditors on any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to our Board;
- Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Establishing and reviewing the functioning of the whistle blower mechanism/ vigil mechanism to report genuine concerns or grievances ;
- Approving the appointment of the chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board and/or specified/provided under the Companies Act, the Listing Regulations or by any other regulatory authority; and
- Reviewing the utilization of loans and/ or advances from/investment by the holding company in any subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as per applicable law.
- Reviewing compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.
- Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on our Company and our Shareholders.

#### ***Powers of the Audit Committee***

The powers of the Audit Committee shall include the following:

- To investigate any activity within its terms of reference;
- To seek information from any employee;

- To obtain outside legal or other professional advice; and
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

### ***Reviewing Powers***

The Audit Committee shall mandatorily review the following information:

- Management's discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses;
- The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee;
- Examination of the financial statements and the auditors' report thereon; and
- Statement of deviations:
  - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of the SEBI Listing Regulations; and
  - annual statement of funds utilised for purposes other than those stated in the document/prospectus/notice in terms of Regulation 32(7) of SEBI Listing Regulations.

### ***Nomination and Remuneration Committee***

The members of the Nomination and Remuneration Committee are:

Sr. No.	Name of Director	Committee Designation
1.	Jeff M. Overly	Chairperson
2.	Amit Dixit	Member
3.	Sunjay Kapur	Member
4.	Venkata Rama Subbu Behara (B V R Subbu)	Member

The Nomination and Remuneration Committee was constituted pursuant to resolution passed by our Board in its meeting held on July 30, 2002 and last reconstituted pursuant to resolution passed by our Board in its meeting held on February 12, 2021. The scope and functions of the Nomination and Remuneration Committee are in accordance with Section 178 of the Companies Act and the SEBI Listing Regulations and its terms of reference as stipulated pursuant to resolution passed by our Board in its meeting held on February 12, 2021 are set forth below.

- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to our Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Identifying persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal, and carrying out evaluations of every director's performance and specify the manner for effective evaluation of performance of our Board, its committees and individual directors to be carried out either by our Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
- Formulating of criteria for evaluation of the performance of the independent directors and the Board;

- Devising a policy on Board diversity;
- Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- Recommending to our Board, all remuneration, in whatever form, payable to senior management; and
- Performing such other activities as may be delegated by the Board and/or specified/provided under the Companies Act, the SEBI Listing Regulations, any applicable law or by any other regulatory authority.

#### ***Stakeholders' Relationship Committee***

The members of the Stakeholders' Relationship Committee are:

<b>Sr. No.</b>	<b>Name of Director</b>	<b>Committee Designation</b>
1.	Shradha Suri	Chairperson
2.	Prasan Abhaykumar Firodia	Member
3.	Jeff M. Overly	Member
4.	Vivek Vikram Singh	Member

The Stakeholders' Relationship Committee was constituted pursuant to resolution passed by our Board in its meeting held on February 12, 2021. The scope and functions of the Stakeholders' Relationship Committee are in accordance with Section 178 of the Companies Act and the SEBI Listing Regulations and its terms of reference as stipulated pursuant to resolution passed by our Board in its meeting held on February 12, 2021 are set forth below.

- Consider and resolve grievances of security holders of our Company, including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.;
- Review of measures taken for effective exercise of voting rights by shareholders. Review of adherence to the service standards adopted by our Company in respect of various services being rendered by the Registrar and Share Transfer Agent.
- Review of the various measures and initiatives taken by our Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of our Company.
- To authorise affixation of common seal of our Company, if any;
- Ensure proper and timely attendance and redressal of investor queries and grievances;
- Carrying out any other functions contained in the Companies Act and/or equity listing agreements (if applicable), as and when amended from time to time; and
- To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).

#### ***Corporate Social Responsibility Committee***

The members of the Corporate Social Responsibility Committee are:

<b>Sr. No.</b>	<b>Name of Director</b>	<b>Committee Designation</b>
1.	Prasan Abhaykumar Firodia	Chairperson
2.	Sunjay Kapur	Member
3.	Shradha Suri	Member
4.	Ganesh Mani	Member

The Corporate Social Responsibility Committee was constituted pursuant to resolution passed by our Board in its meeting held on March 13, 2014 and last reconstituted pursuant to resolution passed by our Board in its meeting

held on February 12, 2021. The scope and functions of the Corporate Social Responsibility Committee are in accordance with Section 135 of the Companies Act and its terms of reference as stipulated in the charter of Corporate Social Responsibility Committee adopted pursuant to resolution passed by our Board in its meeting held on August 14, 2020 and the revised charter adopted on June 3, 2021 are set forth below.

- Formulate and recommend to the Board, the CSR Policy of our Company and any amendment thereto from time to time, indicating the activities to be undertaken by our Company in areas or subject, as specified in Schedule VII of the Companies Act;
- Review and recommend the amount of expenditure to be incurred by our Company on various CSR activities;
- Monitor the adherence by our Company with the CSR Policy from time to time;
- Ensure that our Company is taking appropriate measures to undertake CSR activities as mentioned in the CSR Policy;
- Have access to any internal information necessary to fulfil its oversight role;
- Formulate and recommend the annual CSR action plan to the Board, and recommend alterations to the approved annual CSR action plan to the Board;
- Ensure compliance of all the obligations cast upon it under the CSR policy of our Company and the annual CSR action plan approved by the Board; and
- Perform other activities related to the CSR charter as requested by our Board or to address issues related to any significant subject within its terms of reference.

#### ***Risk Management Committee***

The members of the Risk Management Committee are:

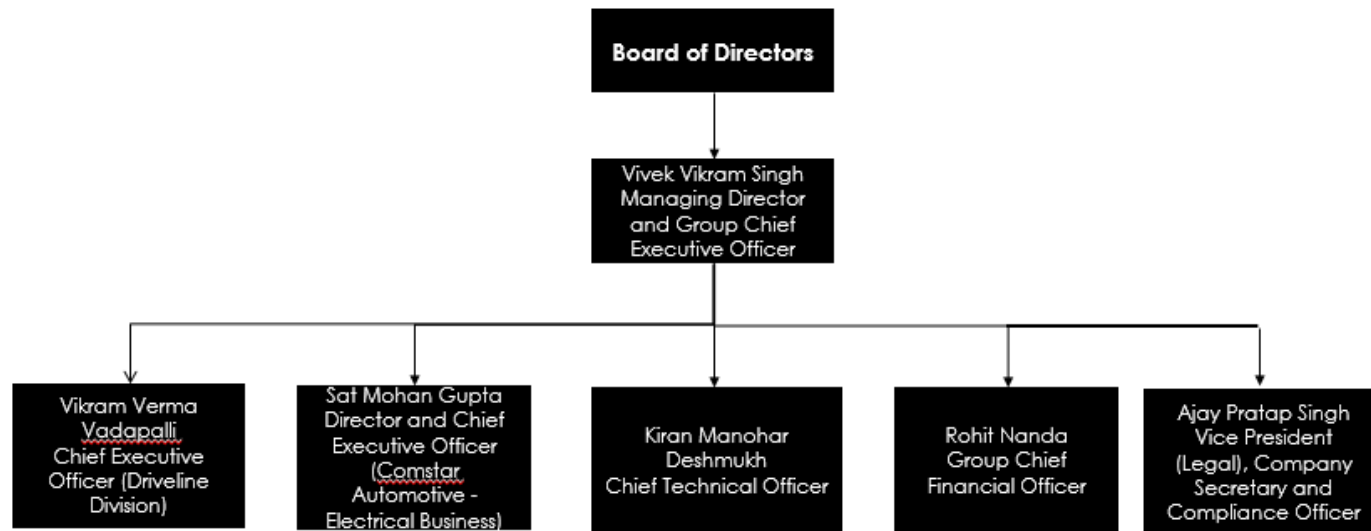
<b>Sr. No.</b>	<b>Name of Director</b>	<b>Committee Designation</b>
1.	Jeff M. Overly	Chairperson
2.	Sunjay Kapur	Member
3.	Ganesh Mani	Member
4.	Vivek Vikram Singh	Member

The Risk Management Committee was constituted pursuant to resolution passed by our Board in its meeting held on February 12, 2021. The scope and functions of the Risk Management Committee are in accordance with SEBI Listing Regulations and its terms of reference as provided in the risk management policy adopted by our Board on February 12, 2021 are set forth below:

- Formulate a detailed risk management policy which shall include:
  - i. framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined;
  - ii. measures for risk mitigation including systems and processes for internal control of identified risks;
  - iii. Business continuity plan.
- Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of our Company;
- Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

- Periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- Keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- Seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;
- Framing, implementing, reviewing and monitoring the risk management plan for the Company and such other functions;
- Laying down procedures to inform our Board about the risk assessment and minimization procedures;
- To assist the Board with regard to the identification, evaluation and mitigation of risks and assess management actions to mitigate such risks;
- To evaluate and ensure that our Company has an effective system internal control systems to enable identifying, mitigating and monitoring of the risks related to the business of our Company;
- To review effectiveness of risk management and control system;
- To evaluate risks related to cyber security and ensure appropriate procedures are placed to mitigate these risks in a timely manner;
- Periodic reporting to our Board of non-financial risk management issues and actions taken in such regard;
- To ensure the implementation of the suggestions / remarks / comments, if any, of our Board on the risk management plan and system; and
- Performing such other functions as may be assigned by our Board from time to time.

## Management Organisation Structure



## Key Managerial Personnel

The details of the Key Managerial Personnel, in terms of the Companies Act, as of the date of this Red Herring Prospectus are as follows:

**Vivek Vikram Singh** is the Managing Director and Group Chief Executive Officer of our Company. For details, see “– *Brief Biographies of Directors*”. For details of compensation paid to him during Financial Year 2021, see “– *Payment or benefit to Directors of our Company – Remuneration to our Executive Director*”.

**Rohit Nanda** is the Group Chief Financial Officer of our Company. He is a qualified chartered accountant and has significant experience in diverse industries including steel, engineering, pharma, chemical and industrial goods, among others. He is responsible for, among others, capital allocation, financial reporting and investment decisions in our Company. Prior to joining our Company, he was associated with, among others, Usha Martin Limited, MTAR Technologies Private Limited, Jindal Stainless Limited, SRF Limited and Ranbaxy Laboratories Limited. He joined our Company on April 11, 2019. During the Financial Year 2021, he received a remuneration of ₹ 26.13 million\*.

**Ajay Pratap Singh** is the Vice President (Legal), Company Secretary and Compliance Officer of our Company. He holds a bachelor's degree in law from the University of Delhi and is also a qualified company secretary. He also attended a certificate course in competition law from the Indian Institute of Corporate Affairs under the aegis of the Ministry of Corporate Affairs. He has significant experience in, among others, mergers, acquisitions, private equity, joint ventures, company secretarial and corporate governance matters. He is responsible for leading the secretarial functions and corporate legal portfolio of our Company. Prior to joining our Company, he has worked with Hindustan Construction Company Limited and was also associated with Nuvoco Vistas Corporation Limited (previously known as Lafarge India Limited), Jaypee Hotels Limited, Hero Motors Limited and Abhipra Capital Limited. He joined our Company on February 24, 2020. During the Financial Year 2021, he received a remuneration of ₹ 6.74# million.

**Sat Mohan Gupta** is the director and chief executive officer of Comstar Automotive. He completed a master's degree course in commerce from the University of Delhi and is a qualified cost and management accountant. He is responsible for, among others, developing new products and achieving operational excellence in Comstar Automotive. He has over 35 years of experience in the auto industry. He joined Comstar Automotive in 1997. He was designated as the chief executive officer of Comstar Automotive on August 20, 2012. During the Financial Year 2021, he received a remuneration of ₹ 24.41 million# from Comstar Automotive.

**Kiran Manohar Deshmukh** is the Chief Technology Officer of our Company. He holds a bachelor's degree of technology in metallurgical engineering from the Indian Institute of Technology, Bombay. He has significant experience in automotive components manufacturing and has worked in the areas of, among others, manufacturing, process control and design. He was honored with the Ashoka award by the Indian Society for Quality in 2006. He is responsible for, among others, developing new technology partnerships and building competencies in manufacturing excellence in our Company. Prior to joining our Company, he has worked with Bharat Gears Limited where during the term of his employment, he attended the training program at Gleason Works. He has also worked with Sona Koyo Steering Systems Limited as the deputy managing director and executive vice chairman, CQ Workskills Services Private Limited (now Sona Skill Development Centre Limited) as the managing director, SKAP Forging Private Limited as a director. He joined our Company on July 1, 2019. During the Financial Year 2021, he received a remuneration of ₹ 16.60 million\*.

**Vadapalli Vikram Verma** is the chief executive officer of driveline division of our Company. He holds a bachelor's degree of technology in mechanical engineering from the Karnataka Regional Engineering College, Surathkal. He has significant experience in the automotive industry. He is responsible for, among others, customer acquisitions and providing leadership for operational excellence in our Company. Prior to joining our Company, he has worked with Sona Steering Systems Limited (now JTKET Limited). He joined our Company on April 26, 2007. During the Financial Year 2021, he received a remuneration of ₹ 30.79 million\*.

\* Includes variable pay for Financial Year 2020 and Financial year 2021, both paid in Financial Year 2021.

# Includes variable pay for Financial Year 2021 paid in the same Financial year.

The aggregate remuneration paid to the Key Managerial Personnel (other than the Key Managerial Personnel in terms of the Companies Act), in the Financial Year 2021 is ₹ 71.79 million.

All our Key Managerial Personnel are permanent employees of our Company or our Indian Subsidiaries, as the case may be.

Except for Vivek Vikram Singh who was nominated by Sona Autocomp as Group Chief Executive Officer in terms of the SHA on our Board, there is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of our Key Managerial Personnel have been appointed.

## Shareholding of Key Managerial Personnel in our Company

Except for Kiran Manohar Deshmukh who holds 12 Equity Shares, none of our Key Managerial Personnel hold any Equity Shares as on the date of this Red Herring Prospectus.

### **Relationship between our Key Managerial Personnel**

None of our Key Managerial Personnel are related to each other.

### **Interests of Key Managerial Personnel**

Other than as disclosed in “– *Interests of Directors*” on page 219, none of the Key Managerial Personnel of our Company have any interests in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business. Except for the variable pay payable to our KMPs, there is no contingent or deferred compensation accrued for the year payable to the Key Managerial Personnel, even if the compensation is payable at a later date.

### **Loans to Key Managerial Personnel**

No loans have been availed by our Key Managerial Personnel from our Company.

### **Changes in our Key Managerial Personnel in the three immediately preceding years:**

Other than as disclosed in “– *Changes in the Board in the last three years*” on page 220, the changes in our Key Managerial Personnel in the three immediately preceding years are set forth below.

<b>Name</b>	<b>Date of change</b>	<b>Reason</b>
Munish Sapra	January 1, 2019	Resignation from the position of chief financial officer with effect from January 1, 2019
Rohit Nanda	April 11, 2019	Appointed as Group Chief Financial Officer with effect from April 11, 2019
Kiran Manohar Deshmukh	July 1, 2019	Appointed as Chief Technology Officer with effect from July 1, 2019
Raajesh Kumar Gupta	February 29, 2020	Resigned from the position of Vice President (Legal) and Company Secretary of the Company with effect from February 29, 2020
Ajay Pratap Singh	February 24, 2020	Appointed as the Vice President (Legal) and Company Secretary of the Company with effect from February 24, 2020

### **Payment or benefit to officers of our Company**

Except any vested options (where applicable) and statutory entitlements for benefits upon termination of their employment in our Company or retirement, no officer of our Company, including our Directors, Key Managerial Personnel, is entitled to any benefits upon termination of employment under any service contract entered into with our Company. Except as disclosed in (a) “*History and Certain Corporate Matters – Shareholders’ agreements and other agreements – Exit Return Incentive Plan*” on page 212; (b) this Red Herring Prospectus; and (c) any statutory payments made by our Company, no amount or benefit has been paid or given, and no consideration for payment of giving such benefit has been paid or given in the two years preceding the date of this Red Herring Prospectus or is intended to be paid or given to any of our Company’s officers except remuneration for services rendered as Directors, officers or employees of our Company.

### **Bonus or profit sharing plan for our Key Managerial Personnel**

None of our Key Managerial Personnel are party to any bonus or profit-sharing plan of our Company.

### **Employee stock option plan and employee stock purchase plan**

For details of our employee stock option plans, see “*Capital Structure*” beginning on page 77.



## OUR PROMOTERS AND PROMOTER GROUP

Sunjay Kapur, Sona Autocomp and Singapore Topco are the Promoters of our Company as on the date of this Red Herring Prospectus.

While Sunjay Kapur does not directly hold any Equity Shares in our Company as on the date of this Red Herring Prospectus, Sona Autocomp presently holds 193,208,904 Equity Shares, aggregating to 33.7% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company and Singapore Topco presently holds 379,771,512 Equity Shares, aggregating to 66.2% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company. For further details, see “*Capital Structure*”, on page 77.

### Sona Promoters

#### *Sunjay Kapur*



Sunjay Kapur, born on October 15, 1971, is a citizen of the US. He resides at 11, The Green, Rajokri, Delhi - 110038, India. He is the Chairman and a Non-Executive Director of our Company. For further details, see “*Our Management – Brief Biographies of Directors*” on page 216.

His PAN is ABCPK7670F and his driving license number is DL-0820160341541.

His Aadhaar card number is 531307624368.

### *Sona Autocomp Holding Private Limited*

#### *Corporate information*

Sona Autocomp was incorporated as Mandira Investment and Finance Company Private Limited on February 12, 1982, under the Companies Act, 1956. Subsequently, the name of the company was changed to Sona Autocomp Holding Private Limited on August 9, 2007. The name of the company was again changed to Sona Autocomp Holding Limited on March 12, 2014 and subsequently back to Sona Autocomp Holding Private Limited on August 7, 2017. The registered office of Sona Autocomp is located at J-1201, BPTP Park Serene, Sector 37D, Gurugram, Haryana – 122 006, India and its CIN is U50404HR1982PTC082436.

Sona Autocomp is authorised to *inter alia* engage in the business of investing, acquiring or underwriting securities of companies or any government bodies, lending or borrowing money and selling, exporting, distributing or dealing in all kinds of automobile parts and it has not changed its activities from the date of its incorporation.

#### *Board of directors*

- 1) Sunjay Kapur
- 2) Priya Sachdev Kapur

#### *Shareholding pattern*

The shareholding pattern of Sona Autocomp is as follows:

Name of shareholder	Percentage of shareholding (%)
Rani Kapur – RK Family Trust	42.2
SKAP Forging Private Limited	32.5
Raghuvanshi Investment Private Limited	25.1
Sunjay Kapur	Negligible*
Kiran Manohar Deshmukh	Negligible*
<b>Total</b>	<b>100</b>

\*Holds one share

#### *Promoter of Sona Autocomp*

Sunjay Kapur is the promoter of Sona Autocomp. RK Family Trust is the largest shareholder in Sona Autocomp.

The RK Family Trust Deed (“**RK Family Trust**”) was settled on October 26, 2017 under the Trusts Act by Mrs. Rani Kapur. RK Family Trust is a non-discretionary private family trust which is not revocable. The trustees of RK Family Trust are Mrs. Rani Kapur, Mr. Sunjay Kapur and Mr. Sanjay Mohan Labroo. Presently, the sole beneficiary of the RK Family Trust is Sunjay Kapur.

#### *Change in control of Sona Autocomp*

There has been no change in control of Sona Autocomp in the last three years preceding the date of this Red Herring Prospectus.

#### ***Singapore VII Topco III Pte Ltd.***

##### *Corporate information*

Singapore Topco was incorporated as a private limited company under the laws of Singapore on May 17, 2016 having UEN: 201613351K. The registered office of Singapore Topco is located at 77 Robinson Road, #13-00, Robinson 77, Singapore – 068896.

The principal activity of Singapore Topco is to serve as an investment holding company and it has not changed its activities from the date of its incorporation.

##### *Board of directors*

- 1) William Christian Greer Nicholson
- 2) Kimmo Benjam Tammela
- 3) See Kwang Yew
- 4) Lee Lai Juan (Alternate Director)

##### *Shareholding pattern*

The shareholding pattern of Singapore Topco is as follows:

Name of shareholder	Percentage of shareholding (%)
BCP Topco I Pte. Ltd.	100.00
<b>Total</b>	<b>100.00</b>

#### *Promoter of Singapore Topco*

BCP Topco I Pte Ltd. is the promoter of Singapore Topco.

#### ***BCP Topco I Pte Ltd.***

BCP Topco I Pte Ltd. is a private limited company organized under the laws of Singapore having UEN: 201736980N. BCP Topco I Pte Ltd. is an affiliate of The Blackstone Group Inc. (“**Blackstone**”). Blackstone (NYSE: BX) is one of the world’s leading investment firms. Blackstone’s asset management businesses include investment vehicles focused on real estate, private equity, public debt and equity, growth equity, opportunistic, non-investment grade credit, real assets and secondary funds, all on a global basis. Through its different businesses, Blackstone had total assets under management of USD \$649 billion as of March 31, 2021.

Presently, no natural person is in direct control (i.e. holding 15% or more voting rights) of BCP Topco I Pte Ltd.

##### *Board of directors of BCP Topco I Pte Ltd.*

The board of directors of BCP Topco I Pte Ltd. comprise the same persons as the board of directors of Singapore Topco.

##### *Shareholding pattern of BCP Topco I Pte Ltd.*

The shareholding pattern of BCP Topco I Pte Ltd. is as follows:

Name of shareholder	Percentage of shareholding (%)
Singapore VII Holding Co. Pte. Ltd.	38.7
BCP Asia (SG) Holdings Co. Pte. Ltd.	57.5
Others	3.7
<b>Total</b>	<b>100.00</b>

#### *Change in control of Singapore Topco*

There has been no change in the control of Singapore Topco in the last three years preceding the date of this Red Herring Prospectus.

Our Company confirms that the permanent account number, bank account numbers and passport number of Sunjay Kapur and the permanent account numbers, bank account numbers, company registration numbers and the addresses of the registrar of companies or corresponding authorities where Sona Autocomp and Singapore Topco, are registered, have been submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus.

#### **Change of Promoter**

Sona Promoters and Singapore Topco are not the original promoters of the Company.

While the Sona Promoters were invested (directly and indirectly) in our Company prior to the five years immediately preceding the date of filing of this Red Herring Prospectus, Singapore Topco invested in our Company on July 5, 2019 and acquired 66.2% percent of the total issued and paid up Equity Share capital of our Company by subscribing to certain Equity Shares and Preference Shares issued by our Company and purchasing certain Equity Shares from an existing shareholder of our Company. On January 27, 2021, the Preference Shares have been converted into 594,436 Equity Shares of the Company. For details of the terms of acquisition and consideration paid for acquisition, see “*Capital Structure*” and “*History and Other Corporate Matters*” on pages 77 and 200, respectively.

#### **Interests of our Promoters**

The Sona Promoters are interested in our Company to the extent of their shareholding, in our Company and dividend payable, if any, and other distributions in respect of the Equity Shares held by them. For details of the shareholding of our Promoter in our Company, see “*Capital Structure – Shareholding of our Promoters and Promoter Group*” on page 83. Sona Autocomp is also entitled to appoint nominee directors on the Board of the Company. For further details, see “*History and Certain Other Corporate Matters – Key terms of Subsisting Shareholders Agreements*” on page 212. The Sona Promoters have no interest in any property acquired in the three years preceding the date of this Red Herring Prospectus or any property that is proposed to be acquired by our Company or in any transaction by our Company for acquisition of land, construction of building or supply of machinery. Sunjay Kapur, is also the Chairman and a Non-Executive Director of our Company and a director on some of our Subsidiaries and may be deemed to be interested to the extent of any managerial remuneration or reimbursement of expenses payable to him by our Company and/or our Subsidiaries for providing professional services, attending meetings of our Board or a Committee thereof or the meetings of the boards or committees of our Subsidiaries. For further details, see “*Our Management*” on page 213.

Singapore Topco is interested in our Company to the extent it has invested in our Company and to the extent of its shareholding in our Company and dividends payable by our Company, if any, and other distributions in respect of the Equity Shares held by it. For details of the shareholding of our Promoter in our Company, see “*Capital Structure – Shareholding of our Promoters and Promoter Group*” on page 83. Singapore Topco is also entitled to appoint nominee directors on the Board of the Company. For further details, see “*History and Certain Other Corporate Matters – Key terms of Subsisting Shareholders Agreements*” on page 212. Singapore Topco has no interest in any property acquired in in the three years preceding the date of this Red Herring Prospectus or any property that is proposed to be acquired by our Company or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

No sum has been paid or agreed to be paid by the Company to the Sona Promoters, Singapore Topco, or to the firms or companies in which the Sona Promoters or Singapore Topco are interested as members in cash or shares or otherwise by any person, either to induce them to become or to qualify them, as directors or promoters or otherwise for services rendered by such promoters or by such firms or companies in connection with the promotion or formation of our Company.

#### **Payment or benefits to our Promoters and their respective Promoter Groups**

Apart from payment of dividend to the Sona Promoters and Singapore Topco, and the professional or managerial remuneration paid to Sunjay, no amount or benefit has been paid or given by our Company to the Sona Promoters, Singapore Topco or their respective Promoter Groups during the two years preceding the filing of this Red Herring Prospectus nor is there any intention to pay or give any amount or benefit to the Sona Promoters, Singapore Topco or their respective Promoter Groups. For details, see “*Our Management – Interest of Directors*” on page 219.

## Indebtedness of our Promoters

Singapore Topco has availed a loan from certain overseas lenders. As on April 30, 2021, an aggregate principal amount of approximately USD 28 million remains outstanding under this loan. Singapore Topco has accordingly entered into certain security arrangements with such overseas lenders. Under these arrangements, security has been created over the entire share capital of the Singapore Topco by BCP Topco I Pte. Ltd. in favour of certain overseas lenders. Pursuant to the terms of the loan, our Company is required to maintain certain prescribed debt leverage ratios and also ensure compliance with certain financial and other covenants at the time of evaluating further acquisitions and/or divestments of assets.

## Material guarantees given by our Promoters to third parties with respect to Equity Shares

The Sona Promoters or Singapore Topco have not provided any material guarantees to third parties with respect to the Equity Shares.

## Companies or firms with which our Promoters have disassociated in the last three years

The Sona Promoters have not disassociated, sold or transferred their stake in any company or firm in the three years immediately preceding the date of this Red Herring Prospectus.

Except for the sale of the Comstar Entities to our Company, Singapore Topco has not disassociated, sold or transferred its stake in any company or firm in the three years immediately preceding the date of this Red Herring Prospectus. For further details, see “History and Certain Corporate Matters – Acquisition of Comstar Entities” on page 209.

## Promoter Group

Our Company has received an exemption from SEBI vide letter dated CFD/DIL2/RD/AK/OW/2021/6152/1 dated March 16, 2021 under Regulation 300(1)(c) of the SEBI ICDR Regulations from disclosing Mrs. Superna Motwane and Mrs. Mandira Koirala and entities/bodies corporate/firms/HUFs in which they have an interest, as members of the promoter group of our Company based on the exemption application filed by the Company.

### Sona Promoters Group

#### A. Natural Persons forming part of the Sona Promoters Group

Name	Relationship with the Promoter
Rani Kapur	Mother of Sunjay Kapur
Kiaan Raj Kapur	Son of Sunjay Kapur
Azarias Suri Kapur	Son of Sunjay Kapur
Samaira Kapur	Daughter of Sunjay Kapur
Safira Sifat Chatwal	Daughter of Sunjay Kapur
Priya Sachdev Kapur	Spouse of Sunjay Kapur
Ashok Sachdev	Father of spouse of Sunjay Kapur
Jasbir Sachdev	Mother of spouse of Sunjay Kapur
Hans Sachdev	Brother of spouse of Sunjay Kapur
Harpreet Sachdev	Brother of spouse of Sunjay Kapur
Charu Sachdev	Sister of spouse of Sunjay Kapur

#### B. Entities forming part of the Sona Promoters Group (entities having 20% interest in the promoter or promoter having 20% interest in the entities directly or indirectly)

1. Azarias Advance Systems Private Limited
2. AMMS Technology India Private Limited (formerly known as Phalanx Advanced Systems Private Limited)
3. Kiaan Autocomp (FZE) (Dubai)
4. Kiaan Autocomp Holding Germany GmbH
5. Raghuvanshi Investment Private Limited
6. RK Family Trust
7. PHT Beteiligungs GmbH and Co. KG, Germany (dormant)
8. SKAP Forging Private Limited
9. SONA Autocomp Germany GmbH, Germany (filed for insolvency)
10. SONA Autocomp USA LLC, USA (dormant)
11. SONA BLW Driveline LLC, USA (dormant)
12. SONA BLW Hungary Kft.
13. SONA BLW Präzisionsschmiede GmbH, Germany (filed for insolvency)

14. SONA BLW Hilfe GmbH, Germany (dormant)
15. SONA Holding B.V, Netherlands
16. Sona Skill Development Centre Limited
17. TSG International Marketing Private Limited
18. Bhodhi Dharma Entertainment & Productions Private Limited
19. Rocknshop Private Limited
20. Galaxy Automobiles Pvt Ltd.
21. TSG Intercontinental Pvt Ltd.
22. Vaishno Films Pvt Ltd.
23. C.L. Sachdev Foundation
24. Autoginie Services Pvt. Ltd.
25. A&S Constructions Pvt. Ltd.
26. India Export House Pvt Ltd.
27. Sachdev Textiles Pvt Ltd.
28. Charu Motors Pvt Ltd.
29. Harpreet Motors Pvt Ltd.
30. 3T Plus Technologies Pvt Ltd.
31. Harpreet Insurance Agent Pvt Ltd.
32. VPM Projects Pvt. Ltd.
33. Krishna Enterprise (Partnership Firm)

***Singapore Topco Promoter Group*** (body corporate having more than 20% interest in the promoter)

BCP Topco I Pte Ltd. forms part of the Promoter Group of Singapore Topco.

## OUR GROUP COMPANIES

In accordance with the SEBI ICDR Regulations and the applicable accounting standards, for the purpose of identification of group companies, our Company has considered (i) the companies (other than our Promoters and Subsidiaries) with which there are related party transactions, as disclosed in the Restated Consolidated Financial Information; and (ii) the companies considered material by our Board.

Our Company has received an exemption from SEBI vide letter CFD/DIL2/RD/AK/OW/2021/6150/1 dated March 16, 2021 under Regulation 300(1)(c) of the SEBI ICDR Regulations from disclosing Sona Mandhira Private Limited as a group company of the Company for the purposes of the Offer based on the exemption application filed by the Company. Accordingly, in terms of the policy adopted by our Board for determining group companies, our Board has identified the following as group companies of our Company (“**Group Companies**”).

1. SKAP Forging Private Limited (“**SFPL**”)
2. Sona Management Services Limited (“**SMSL**”)
3. Sona Skill Development Centre Limited (“**SSDCL**”)

### I. Details of our Group Companies

The details of our Group Companies are provided below:

#### 1. *SKAP Forging Private Limited*

##### *Corporate Information*

SFPL was incorporated on February 22, 2017 under the Companies Act, 2013. The corporate identity number of SFPL is U28999HR2017PTC082437

##### *Nature of Activities*

SFPL is authorised to *inter-alia* to engage in the development, sale, import, export and dealing in forgings and castings of all types and equipment and materials used therein or any relation thereof.

##### *Financial Performance*

The financial information derived from the audited financial results of SFPL for the Fiscals 2020, 2019 and 2018 are set forth below:

*(Figures in ₹ million except per share data)*

Particulars	Fiscal		
	2020	2019	2018
Equity capital	0.30	0.30	0.30
Reserves (excluding revaluation reserve)	79.97	(65.30)	(63.67)
Sales	3.16	12.67	12.47
Profit/ (loss) after tax	(160.99)	(1.63)	(65.36)
Earnings per share (Basic)	(5342)	(54.22)	(2171.14)
Earnings per share (Diluted)	(5342)	(54.22)	(2171.14)
Net asset value	80.27	1697.54	1699.17

There are no significant notes of the auditors in relation to the aforementioned financial statements for the last three Fiscals:

#### 2. *Sona Management Services Limited*

##### *Corporate Information*

SMSL was incorporated on October 20, 1993 under the Companies Act, 1956. The corporate identity number of SMSL is U51101HR1993PLC082438.

##### *Nature of Activities*

SMSL is authorised to *inter-alia* engage in the business of rendering management, consultative and advisory services in various fields including the management, manufacturing, technology, administration, finance, commerce, law, economics, labour, industry, public relation, statistics, science, computers, accountancy, taxation, quality control,

processing, educational training, placement, distribution, marketing and sales of goods and/or relating to rendering of services and rendering of consultancy and other professional services of commercial / technical nature.

#### *Financial Performance*

The financial information derived from the audited financial results of SMSL for the Fiscals 2020, 2019 and 2018 are set forth below:

*(Figures in ₹ million except per share data)*

Particulars	Fiscal		
	2020	2019	2018
Equity capital	5.20	5.20	5.20
Reserves (excluding revaluation reserve)	508.25	545.21	96.19
Sales	4.37	81.85	175.76
Profit/ (loss) after tax	(36.96)	449.02	69.78
Earnings per share (Basic)	(71.08)	863.50	134.18
Earnings per share (Diluted)	(71.08)	863.50	134.18
Net asset value	513.45	550.41	101.39

There are no significant notes of the auditors in relation to the aforementioned financial statements for the last three Fiscals.

### **3. Sona Skill Development Centre Limited**

#### *Corporate Information*

SSDCL was incorporated on July 23, 2010 under the Companies Act, 1956. The corporate identity number of SSDCL is U80302HR2010PLC040946.

#### *Nature of Activities*

SSDCL is authorised *inter-alia* to engage in the business of advancing both academic and vocational education in all its forms and for this purpose do all and any activities/deeds, to the extent permissible by law in India and other countries.

#### *Financial Performance*

The financial information derived from the audited financial results of SSDCL for the Fiscals 2020, 2019 and 2018 are set forth below:

*(Figures in ₹ million except per share data)*

Particulars	Fiscal		
	2020	2019	2018
Equity capital	45.15	45.15	45.15
Reserves (excluding revaluation reserve)	(39.15)	(38.39)	(34.47)
Sales	Nil	Nil	2.93
Profit/ (loss) after tax	(0.76)	(3.91)	(4.34)
Earnings per share (Basic)	(0.17)	(0.87)	(0.96)
Earnings per share (Diluted)	(0.17)	(0.87)	(0.96)
Net asset value	6.01	6.77	10.68

There are no significant notes of the in auditors in relation to the aforementioned financial statements for the last three Fiscals.

#### **A. Scheme of Amalgamation involving our Group Companies**

A scheme of amalgamation dated January 27, 2020 (“**Scheme**”) has been filed by Sona Autocomp, SFPL, SMSL, SSDCL and Kiaan Sports and Nutrition Private Limited before the NCLT Chandigarh, pursuant to which, SFPL, SMSL, SSDCL and Kiaan Sports and Nutrition Private Limited are proposed to be amalgamated with Sona Autocomp. The Scheme is pending before the NCLT, Chandigarh for its final hearing.

#### **B. Litigation**

Our Group Companies are not party to any pending litigation which has a material impact on our Company.

#### **C. Group Companies that have become sick or under winding-up/insolvency proceedings**

Our Group Companies have neither become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor are they under winding-up or insolvency proceedings under the Insolvency and Bankruptcy Code, 2016.

**D. Loss making Group Companies**

Except for SFPL, SMSL and SSDCL, none of our Group Companies have made any losses in the immediately preceding Financial Year. For details of the profits/ losses in the preceding three years, see “- *Details of our Group Companies*” on page 235.

**E. Defunct Group Companies**

Our Group Companies are not defunct and no applications have been made to the concerned registrar of companies for striking off the name of our Group Companies in the five years immediately preceding the date of filing of this Red Herring Prospectus.

**F. Nature and extent of interest of Group Companies**

***In the promotion of our Company***

Our Group Companies do not have any interest in the promotion of our Company.

***In the properties acquired by our Company in the past three years prior to filing this Red Herring Prospectus or proposed to be acquired by our Company***

Our Group Companies are not interested in the properties acquired by our Company in the three years preceding the filing of this Red Herring Prospectus or proposed to be acquired by our Company.

***In transactions for acquisition of land, construction of building, supply of machinery, etc.***

Our Group Companies are not interested in any transactions for the acquisition of land, construction of building or supply of machinery, etc.

**G. Common pursuits between our Group Companies and our Company**

None of our Group Companies are in the same line of business as our Company and our Subsidiaries and there are no common pursuits between our Group Companies and our Company and our Subsidiaries.

**H. Related business transactions within the Group Companies and significance on the financial performance of our Company**

Other than the transactions disclosed in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations - Related Party Transactions*” on page 395, there are no other related business transactions between the Group Companies and our Company.

**I. Business interests or other interests**

There are related party transactions between the Group Companies and our Company as disclosed in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations - Related Party Transactions*” on page 395. Other than the related party transactions, our Group Companies do not have any business interest or other interest in our Company.

**J. Other confirmations**

The equity shares of our Group Companies are not listed on any stock exchange. Our Group Companies have not made any public or rights issue of securities in the preceding three years.

Further, none of our Group Companies have been refused listing by any stock exchange in India or abroad or any has failed to meet the listing requirements of any stock exchanges in India or abroad.



## DIVIDEND POLICY

The declaration and payment of dividends on our Equity Shares, if any, will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association and the Companies Act. The dividend distribution policy of our Company was approved and adopted by our Board on January 27, 2021.

The dividend, if any, will depend on a number of internal factors, including but not limited to our Company's profits earned during the financial year, accumulated reserves and distributable profits; working capital and capital expenditure requirement; financial commitments with respect to the borrowings undertaken/ proposed to be undertaken and interest thereon; capital requirements for maintenance of appropriate capital adequacy ratio; provisioning for financial implications arising out of unforeseen events and/or contingencies; past dividend declaration trend of our Company; and such other factors and/ or material events which our Board may consider relevant. In addition, the dividend, if any, will also depend on a number of external factors including but not limited to legal requirements/ regulatory restrictions; macro-economic environment; cost of borrowing and covenants, if any, with lenders; business outlook for the future years; and prevalent market practices.

Further, our Shareholders may not expect dividend in certain circumstances including broad adverse macro-economic scenario which may require our Board to retain a larger portion of profits to build up reserves; proposed expansion/ diversification plans requiring higher capital allocation; decision to undertake any acquisitions, amalgamation, merger, joint ventures etc. which requires significant capital outflow; regulatory restrictions/ obligations which may restrict the issue of dividends; requirement of higher working capital to support business and operations of our Company; proposal for corporate action requiring significant capital outflow such as buy-back of securities; cost of raising funds from alternate sources; in the event of loss or inadequacy of profit or cash flow available for distribution; other factors beyond control of our Company like natural calamities, fire etc. effecting the operations of our Company; and any other factor as deemed appropriate by our Board.

Our Company may also, from time to time, pay interim dividends. Our past practices with respect to the declaration of dividends are not necessarily indicative of our future dividend declaration. For details in relation to risks involved in this regard, see "*Risk Factors – We cannot assure payment of dividends on the Equity Shares in the future*" on page 55.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities. For further details, see "*Financial Indebtedness*" on page 359.

### Equity Shares

The dividend declared and paid on Equity Shares by our Company during the last three Financial Years and the current Financial Year is set out in the following table:

Particulars	Financial Performance (For the Financial Year)			Period between last audited period and the date of filing this Red Herring Prospectus
	2019	2020 <sup>(1)</sup>	2021 <sup>(2)(3)</sup>	
Number of equity shares (including compulsory convertible preference shares)	27,718,376	47,748,380	572,980,560	Nil
Face value per equity share (in ₹)	10	10	10	Nil
Amount dividend (in ₹ million)	Nil	(i) 868.09; and (ii) 100.00	(i) 460.01; and (ii) 444.01	Nil
Dividend per equity share (in ₹)	Nil	(i) 31.32; and (ii) 11.08	(i) 9.63; and (ii) 9.30	Nil
Rate of dividend (%)	NA	(i) 313.18%; and (ii) 110.80%	(i) 96.34% (ii) 92.99%	Nil
Mode of payment of dividend	NA	Bank transfer	Bank transfer	Nil
Dividend tax (%)	NA	20.56%	NA	Nil

(1) The Board of Directors had declared two interim dividends in its Board meeting held on July 3, 2019 – (i) interim dividend for ₹ 31.32 per share to all the shareholders as on 3rd July, 2019 i.e. 2,77,18,376 equity shares and (ii) special interim dividend only to JM Financial Trustee Company Private Limited for ₹ 11.08 per share on of 9,024,687 Equity Shares.

(2) The Board of Directors had declared two interim dividends during the year ended March 31, 2021– (i) interim dividend for ₹ 9.63 per Equity Share to all the shareholders as on August 14, 2020 i.e. 4,77,48,380 Equity Shares and (ii) interim dividend for ₹ 9.30 per Equity Share to all the shareholders as on January 27, 2021 i.e. 4,77,48,380 Equity Shares.

(3) The Company had declared interim dividend in Board meeting held on January 27, 2021 and in the same meeting, bonus issue of 11 Equity Shares for each 1 Equity Share was also approved. Dividend has been paid on Equity Shares before the effect of bonus issue.

**SECTION V: FINANCIAL INFORMATION**  
**RESTATED CONSOLIDATED FINANCIAL INFORMATION**

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# Walker Chandiok & Co LLP

**Walker Chandiok & Co LLP**  
(Formerly Walker, Chandiok & Co)  
L-41 Connaught Circus  
New Delhi 110001  
India

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## **INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION**

The Board of Directors  
Sona BLW Precision Forgings Limited  
Sona Enclave Village Begumpur Khatola,  
Sector 35, Gurugram, Haryana, India

Dear Sirs,

1. We, Walker Chandiok & Co LLP, have examined the attached Restated Consolidated Financial Information of Sona BLW Precision Forgings Limited (the "Company") its subsidiaries and associate (the Company, its subsidiaries and its associate together referred to as the "Group"), comprising the Restated Consolidated Statement of Assets and Liabilities as at 31 March 2021, 31 March 2020 and 31 March 2019, the Restated Consolidated Statement of Profit and Loss (including other comprehensive income), the Restated Consolidated Statement of Changes in Equity and the Restated Consolidated Cash Flow Statement for the year ended 31 March 2021, 31 March 2020 and 31 March 2019, the significant accounting policies and other explanatory information (collectively, the "Restated Consolidated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on 27 April 2021 for the purpose of inclusion in the Red Herring Prospectus / Prospectus ("Offer Documents") prepared by the Company in connection with its proposed Initial Public Offer of equity shares ("IPO") prepared in terms of the requirements of:
  - a. Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");
  - b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
  - c. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").
2. The Company's Board of Directors is responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, National Stock Exchange of India Limited and BSE Limited and Registrar of Companies, National Capital Territory of Delhi & Haryana at New Delhi in connection with the proposed IPO. The Restated Consolidated Financial Information have been prepared by the management of the Company on the basis of preparation stated in note 3(A)(a) to the Restated Consolidated Financial Information. The responsibility of the Board of Directors of the companies included in the Group includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The respective Board of Directors are also responsible for identifying and ensuring that the Group complies with the Act, ICDR Regulations and the Guidance Note.
3. We have examined such Restated Consolidated Financial Information taking into consideration:

Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurgaon, Hyderabad, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiok & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

## INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

- a. The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 16 January 2021 and addendums to the engagement letter dated 08 February 2021 and 24 April 2021 in connection with the proposed IPO of equity shares of the Company;
  - b. The Guidance Note which also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
  - c. Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and
  - d. The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the proposed IPO.
4. These Restated Consolidated Financial Information have been compiled by the management from:
- a. Audited consolidated financial statements of the Group as at and for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 for the Group prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on 27 April 2021, 29 December 2020 and 20 November 2019 respectively.
5. For the purpose of our examination, we have relied on auditors' reports issued by us dated 27 April 2021, 29 December 2020 and 20 November 2019 on the consolidated financial statements as at and for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 respectively as referred in paragraph 4 above.
6. The audit reports dated 27 April 2021 and 29 December 2020 on the consolidated financial statements as at and for the years ended 31 March 2021 and 31 March 2020 respectively issued by us were modified and included following matter giving rise to modification on the consolidated financial statements as at and for the years ended 31 March 2021 and 31 March 2020:

"The following matter was a subject matter of qualification in our audit report on the consolidated financial statements of the Group for the previous year ended 31 March 2020. While the matter as explained below does not have any effect on the consolidated profit of the Group for the current year ended 31 March 2021 and its equity attributable to the owners on that date, we are unable to comment on the consequential impact of the below matter on the comparability of current year figures with the comparative financial information for the year ended and as at 31 March 2020 included in the accompanying consolidated financial statements:

As further explained in note 49 to the accompanying consolidated financial statements, the majority shareholding in Sona Holdings B.V., Netherlands, the erstwhile subsidiary company, was sold to Sona Autocomp Holdings Private Limited on 4 July 2019, and the Holding Company therefore, lost control over the erstwhile subsidiary company from 5 July 2019 onwards. Owing to the unavailability of the consolidated financial statements of such subsidiary company and its subsidiaries ('SONA BV Group') for the period from 1 April 2019 to 4 July 2019 ('the specified period'), the consolidated financial information of SONA BV Group for the specified period had not been included in the consolidated financial statements of the Group for the previous year ended 31 March 2020. Such accounting treatment was not in compliance with the requirements of Ind AS 110 - Consolidated Financial Statements and accordingly, our audit report dated 29 December 2020 on the consolidated financial statements of the Group for the year ended 31 March 2020 was qualified with respect to this matter.

# INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION (Cont'd)

As further mentioned in our Basis for Qualified Opinion section of our report dated 29 December 2020, had the consolidated financial statements of the Group been prepared after considering the consolidated financial information of SONA BV Group for the specified period, the "Profit or Loss from discontinued operations" would have been higher and "Exceptional Item" would have been lower by the same amount with no effect on the consolidated profit of the Group for the previous year ended 31 March 2020 and its equity attributable to the owners on that date. However, in absence of necessary financial information, we were unable to quantify the impact of aforesaid misstatement on such items and related disclosures required under Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations on the consolidated financial statements for the year ended 31 March 2020".

"As stated in note 49 to the accompanying consolidated financial statements, the majority shareholding in Sona Holdings B.V., The Netherlands, the erstwhile subsidiary company, which was classified as a 'discontinued operation' in the consolidated financial statements for previous year ended 31 March 2019, was sold to Sona Autocomp Holdings Private Limited on 4 July 2019, and the Holding Company therefore, did not exercise control over the erstwhile subsidiary company from 5 July 2019 onwards . Owing to the unavailability of the consolidated financial statements of such subsidiary company and its subsidiaries ('SONA BV Group') for the period 1 April 2019 to 4 July 2019, the consolidated financial information of SONA BV Group for the period 1 April 2019 to 4 July 2019 ('the current year period') has not been included in the accompanying consolidated financial statements for the year ended 31 March 2020, and the assets and liabilities of SONA BV Group have been derecognized at their respective carrying values as at 31 March 2019 instead of 4 July 2019. The said accounting treatment is not in compliance with the requirements of Ind AS 110 - Consolidated Financial Statements.

Had the accompanying consolidated financial statements been prepared after considering the consolidated financial statements of SONA BV Group for the period 1 April 2019 to 4 July 2019, the "Profit or Loss from discontinued operations" would have been higher and "Exceptional Item" would have been lower by the same amount with no effect on the consolidated profit of the Group for the year ended 31 March 2020 and its equity attributable to the owners on that date. However, in absence of necessary financial information, we are unable to quantify such impact on the said items in the accompanying consolidated financial statements, and the consequential impact thereof, on the disclosures given under Note 49 as per the requirements of Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations."

7. As indicated in our audit reports referred above, we did not audit financial statements of :
  - a. eight subsidiaries and an associate for the year ended and as at 31 March 2019;
  - b. three subsidiaries for the year ended and as at 31 March 2020 and
  - c. five subsidiaries for the year ended and as at 31 March 2021

whose share of total assets, total revenues, net cash inflows / (outflows) and share of profit / (loss) in the consolidated financial statements, for the relevant years is tabulated below, which have been audited by other auditors, and whose reports have been furnished to us by the Company's management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these components, is based solely on the reports of the other auditors:

(INR in million)

Particulars	As at / for the year ended 31 March 2021	As at / for the year ended 31 March 2020	As at / for the year ended 31 March 2019
Total assets	1,587.46	1,284.65	9,716.78
Total revenues	2,002.36	1,333.35	23,783.46

**INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION (Cont'd)**

Net cash inflow / (outflow)	(36.64)	39.48	145.05
Share of profit / (loss)	-	-	2.17

Our opinions on the consolidated financial statements were not modified in respect of these matters.

8. Based on our examination and according to the information and explanations given to us, we report that the Restated Consolidated Financial Information :
  - a. have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping / reclassifications retrospectively in the financial years ended 31 March 2020 and 31 March 2019 to reflect the same accounting treatment as per the accounting policies and grouping / classifications followed as at and for the year ended 31 March 2021; except that no effect to the matter giving rise to modification mentioned in paragraph 6 above has been given; and
  - b. have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
9. The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the special purpose interim consolidated financial statements and audited consolidated financial statements mentioned in paragraph 4 above.
10. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
12. Our report is intended solely for use of the Board of Directors for inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, National Stock Exchange of India Limited and BSE Limited and Registrar of Companies, NCT of Delhi & Haryana at New Delhi, as relevant, in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No: 001076N/N500013

**Arun Tandon**

Partner

Membership Number: 517273

UDIN: 21517273AAAABYSS84

**Place:** New Delhi

**Date:** 27 April 2021

**SONA BLW PRECISION FORGINGS LIMITED**  
**Restated Consolidated Statement of Assets and Liabilities**  
*(Figures in Million ₹, unless stated otherwise)*

	Notes	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	5	3,449.02	2,845.07	1,783.52
Capital work-in-progress	5	821.36	581.37	131.67
Right-of-use assets	5	1,592.65	1,419.41	405.13
Goodwill on consolidation (including assembled workforce)	6	1,758.09	1,758.09	-
Other intangible assets	6	5,366.21	4,629.18	723.91
Intangible assets under development	6	10.76	315.00	-
Financial assets				
(i) Investments	7	-	19.00	-
(ii) Loans	8	57.77	50.79	23.14
(iii) Other financial assets	9	-	0.87	38.11
Income tax assets (net)	10	186.74	291.42	11.24
Other non-current assets	11	296.23	278.49	84.19
<b>Total non-current assets</b>		<b>13,538.83</b>	<b>12,188.69</b>	<b>3,200.91</b>
<b>Current assets</b>				
Inventories	12	3,055.57	1,962.36	677.84
Financial assets				
(i) Trade receivables	13	4,169.87	2,336.28	1,520.98
(ii) Cash and cash equivalents	14	249.48	1,049.85	1.94
(iii) Bank balances other than (ii) above	15	26.27	623.08	254.12
(iv) Loans	8	15.07	4.92	0.19
(v) Other financial assets	9	151.65	5.30	32.26
Other current assets	11	541.56	336.34	130.40
<b>Total current assets</b>		<b>8,209.47</b>	<b>6,318.13</b>	<b>2,617.73</b>
Assets of disposal group classified as held for sale	49	-	-	10,506.93
<b>Total assets</b>		<b>21,748.30</b>	<b>18,506.82</b>	<b>16,325.57</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	16(A)	5,729.80	471.54	277.18
Instruments entirely equity in nature	16(B)	-	5.94	-
Other equity	17	7,309.21	11,301.93	1,460.59
<b>Equity attributable to the owners</b>		<b>13,039.01</b>	<b>11,779.41</b>	<b>1,737.77</b>
<b>Non-controlling interest</b>		<b>-</b>	<b>-</b>	<b>24.23</b>
<b>Total equity</b>		<b>13,039.01</b>	<b>11,779.41</b>	<b>1,762.00</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
(i) Borrowings	18 (i)	1,907.01	1,768.22	733.07
(ii) Lease liabilities	19	720.15	532.33	156.84
(iii) Other financial liabilities	20	1.24	1.24	1.24
Provisions	21	86.78	66.78	23.82
Deferred tax liabilities (net)	22	1,260.22	1,076.71	110.55
<b>Total non-current liabilities</b>		<b>3,975.40</b>	<b>3,445.28</b>	<b>1,025.52</b>
<b>Current liabilities</b>				
Financial liabilities				
(i) Borrowings	18 (ii)	1,144.99	846.09	389.10
(ii) Trade payables	23			
-Total outstanding dues of micro enterprises and small enterprises		495.83	166.99	76.77
-Total outstanding dues of creditors other than micro enterprises and small enterprises		1,745.26	995.26	615.44
(iii) Lease liabilities	19	105.27	71.73	24.06
(iv) Other financial liabilities	20	828.79	922.65	1,027.44
Other current liabilities	24	170.77	110.35	120.93
Provisions	21	72.69	51.06	15.76
Current tax liabilities (net)	25	170.29	118.00	0.71
<b>Total current liabilities</b>		<b>4,733.89</b>	<b>3,282.13</b>	<b>2,270.21</b>

**SONA BLW PRECISION FORGINGS LIMITED**  
**Restated Consolidated Statement of Assets and Liabilities**  
*(Figures in Million ₹, unless stated otherwise)*

	Notes	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Liabilities of disposal group classified as held for sale	49	-	-	11,267.84
<b>Total liabilities</b>		<b>8,709.29</b>	<b>6,727.41</b>	<b>14,563.57</b>
<b>Total equity and liabilities</b>		<b>21,748.30</b>	<b>18,506.82</b>	<b>16,325.57</b>

Summary of significant accounting policies and other explanatory information **1 to 62**

This is the Restated Consolidated Statement of Assets and Liabilities referred to in our report of even date.

**For Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Registration No. : 001076N/N500013

For and on behalf of the **Board of Directors of**  
**SONA BLW PRECISION FORGINGS LIMITED**

**Arun Tandon**  
Partner  
Membership No: 517273

**Sunjay Kapur**  
Non Executive Chairman  
DIN: 00145529

**Vivek Vikram Singh**  
Managing Director and Group  
Chief Executive Officer  
DIN: 07698495

**Rohit Nanda**  
Group Chief Financial Officer

**Ajay Pratap Singh**  
Company Secretary  
M.No. - ACS-5253

Place: New Delhi  
Date: 27 April 2021

Place: Gurugram  
Date: 27 April 2021



**SONA BLW PRECISION FORGINGS LIMITED**  
**Restated Consolidated Statement of Profit and Loss**  
*(Figures in Million ₹, unless stated otherwise)*

	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Income</b>				
Revenue from operations	26	15,663.00	10,379.82	6,992.20
Other income	27	23.41	57.83	32.81
<b>Total income</b>		<b>15,686.41</b>	<b>10,437.65</b>	<b>7,025.01</b>
<b>Expenses</b>				
Cost of materials consumed		7,094.78	4,424.22	1,928.41
Changes in inventories of finished goods and work-in-progress	28	(641.68)	31.78	122.19
Employee benefits expense	29	1,474.49	1,027.30	490.04
Finance costs	30	325.15	259.75	177.63
Depreciation and amortisation expense	31	969.40	671.20	309.57
Other expenses	32	3,325.25	2,473.75	2,451.71
<b>Total expenses</b>		<b>12,547.39</b>	<b>8,888.00</b>	<b>5,479.55</b>
<b>Profit before profit in associate, tax and exceptional item</b>		<b>3,139.02</b>	<b>1,549.65</b>	<b>1,545.46</b>
Share of profit in associate		-	-	2.17
<b>Profit before exceptional items and tax</b>		<b>3,139.02</b>	<b>1,549.65</b>	<b>1,547.63</b>
Exceptional item	33	139.06	(2,320.53)	-
<b>Profit before tax</b>		<b>2,999.96</b>	<b>3,870.18</b>	<b>1,547.63</b>
Tax expense	34			
- Current tax		666.02	365.04	471.52
- Deferred tax (credit)/charge		182.29	(98.29)	74.97
<b>Total tax expense</b>		<b>848.31</b>	<b>266.75</b>	<b>546.49</b>
<b>Profit for the year from continuing operations</b>		<b>2,151.65</b>	<b>3,603.43</b>	<b>1,001.14</b>
Discontinued operations:	49			
Profit for the year from discontinued operation before tax		-	-	1,127.32
Tax expense of discontinued operations		-	-	(396.66)
<b>Profit for the year</b>		<b>2,151.65</b>	<b>3,603.43</b>	<b>1,731.80</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurements of defined benefit obligations		4.86	12.28	(1.02)
Income tax relating to above mentioned item		(1.22)	(3.57)	0.36
Changes in fair values of equity instruments carried at fair value through other comprehensive income		(19.00)	(309.28)	-
<i>Items that will be reclassified to profit or loss</i>				
Exchange difference on translation of foreign subsidiaries		2.92	14.00	-
<b>Other comprehensive loss for the year, net of tax from continuing operations</b>		<b>(12.44)</b>	<b>(286.57)</b>	<b>(0.66)</b>
Other comprehensive income for the year, net of tax from discontinued operations	49	-	-	6.46
<b>Total comprehensive income for the year</b>		<b>2,139.21</b>	<b>3,316.86</b>	<b>1,737.60</b>
<b>Profit attributable to:</b>				
Owners		2,151.65	3,603.43	1,729.71
Non-controlling interests		-	-	2.09
<b>Profit attributable to owners arising from:</b>				
Continuing operations		2,151.65	3,603.43	1,001.14
Discontinued operations		-	-	728.57
<b>Profit attributable to non-controlling interests arising from:</b>				
Continuing operations		-	-	-
Discontinued operations		-	-	2.09
<b>Other comprehensive loss attributable to:</b>				
Owners		(12.44)	(286.57)	6.29
Non-controlling interests		-	-	(0.49)
<b>Other comprehensive loss attributable to owners arising from:</b>				
Continuing operations		(12.44)	(286.57)	(0.66)
Discontinued operations		-	-	6.95
<b>Other comprehensive income attributable to non-controlling interests arising from:</b>				
Continuing operations		-	-	-
Discontinued operations		-	-	(0.49)
<b>Total comprehensive income attributable to:</b>				
Owners		2,139.21	3,316.86	1,736.00
Non-controlling interests		-	-	1.60
<b>Total comprehensive income attributable to owners arises from:</b>				
Continuing operations		2,139.21	3,316.86	1,000.48
Discontinued operations		-	-	735.52
<b>Total comprehensive income attributable to non-controlling interests arises from:</b>				
Continuing operations		-	-	-
Discontinued operations		-	-	1.60

**SONA BLW PRECISION FORGINGS LIMITED**  
**Restated Consolidated Statement of Profit and Loss**  
*(Figures in Million ₹, unless stated otherwise)*

	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Earnings per equity share of face value of ₹ 10 each</b>				
Earnings per share from continuing operations (Basic) (in ₹)	41	3.76	7.06	3.01
Earnings per share from discontinued operations (Basic) (in ₹)	41	-	-	2.19
Earnings per share from continuing operations (Diluted) (in ₹)	41	3.75	7.06	3.01
Earnings per share from discontinued operations (Diluted) (in ₹)	41	-	-	2.19

Summary of significant accounting policies and other explanatory information **1 to 62**

This is the Restated Consolidated Statement of Profit and Loss referred to in our report of even date.

**For Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Registration No. : 001076N/N500013

For and on behalf of the **Board of Directors of**  
**SONA BLW PRECISION FORGINGS LIMITED**

**Arun Tandon**  
Partner  
Membership No: 517273

**Sunjay Kapur**  
Non Executive Chairman  
DIN: 00145529

**Vivek Vikram Singh**  
Managing Director and Group  
Chief Executive Officer  
DIN: 07698495

**Rohit Nanda**  
Group Chief Financial Officer

**Ajay Pratap Singh**  
Company Secretary  
M.No. - ACS-5253

Place: New Delhi  
Date: 27 April 2021

Place: Gurugram  
Date: 27 April 2021

**SONA BLW PRECISION FORGINGS LIMITED**
**Restated Consolidated Cash Flow Statement**
*(Figures in Million ₹, unless stated otherwise)*

	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>A. Cash flows from operating activities</b>			
Profit before income tax	2,999.96	3,870.18	1,547.63
Adjustments for:			
Depreciation and amortisation expense	969.40	671.20	309.57
Loss on sale of property plant and equipment (net)	2.92	5.25	3.67
(Gain)/loss on allowance for doubtful receivables and advances	(3.63)	3.52	2.01
Share based payments	45.37	-	-
Unwinding of discount on fair valuation of security deposits	(0.70)	(0.84)	0.10
Amortisation of transaction cost based on effective interest rate	(2.32)	(0.68)	(2.90)
Unwinding of discount on deferred payment liabilities	1.07	4.02	3.72
Gain on loss of control over a subsidiary company	-	(2,320.53)	-
Provision for slow moving inventory	31.86	0.80	7.92
Liabilities/ provisions no longer required written back	-	(15.00)	(4.62)
Fair value (gain)/loss on derivatives	(374.24)	266.62	(6.47)
Profit on sale of investments	0.15	(18.00)	-
Share of (profit) in associate	-	-	(2.17)
Finance costs	325.15	259.75	177.63
Interest income	(28.80)	(19.91)	(27.33)
Unrealised foreign exchange (gain)	59.72	(58.64)	0.09
<b>Operating profit before working capital changes</b>	<b>4,025.91</b>	<b>2,647.74</b>	<b>2,008.85</b>
<b>Changes in working capital</b>			
Movement in inventories	(1,129.20)	208.68	37.99
Movement in trade receivables	(1,922.55)	46.13	(101.45)
Movement in other financial asset	15.67	(108.60)	315.05
Movement in other assets	(181.38)	118.01	(151.63)
Movement in trade payable	1,084.94	(40.29)	(246.94)
Movement in financial liabilities	(58.13)	20.78	554.63
Movement in provision	60.29	1.56	(16.51)
Movement in other current liabilities	59.88	(82.51)	45.68
<b>Cash generated from operations</b>	<b>1,955.43</b>	<b>2,811.50</b>	<b>2,445.67</b>
Direct taxes paid	(528.17)	(278.09)	(494.07)
<b>Net cash flow generated from operating activities (Continuing operations)</b>	<b>1,427.26</b>	<b>2,533.41</b>	<b>1,951.60</b>
<b>Net cash flow used in operating activities (Discontinued operations)</b>	<b>-</b>	<b>-</b>	<b>(405.55)</b>
<b>Net cash flow generated from operating activities - Total (A)</b>	<b>1,427.26</b>	<b>2,533.41</b>	<b>1,546.05</b>
<b>B. Cash flows from investing activities</b>			
Payments for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances	(2,189.37)	(2,120.60)	(1,417.69)
Proceeds from sale of property, plant and equipment	9.07	1.19	3.67
Movement in bank deposits (net)	597.79	(331.72)	(254.12)
Amount received on losing of control over subsidiary (net of cash and cash equivalents in the books of subsidiary)	-	1,011.12	-
Sale of current investment investments	-	80.00	7.51
Purchase of long term investments	(0.10)	-	-
Acquisition of subsidiaries (net of cash and cash equivalents in the books of subsidiaries)	-	(8,218.00)	-
Interest received	21.97	35.91	27.33
<b>Net cash (used in) investing activities (Continuing operations)</b>	<b>(1,560.64)</b>	<b>(9,542.10)</b>	<b>(1,633.30)</b>
<b>Net cash generated from investing activities (Discontinued operations)</b>	<b>-</b>	<b>-</b>	<b>3,674.77</b>
<b>Net cash (used in)/generated from investment activities - Total (B)</b>	<b>(1,560.64)</b>	<b>(9,542.10)</b>	<b>2,041.47</b>
<b>C. Cash flows from financing activities</b>			
Proceeds from short term borrowings, net	298.52	256.99	39.59
Proceeds from long term borrowings	717.57	1,607.55	343.18
Repayment of long term borrowings	(407.97)	(373.66)	(534.76)
Repayment of deferred payment liabilities	(12.47)	(86.42)	(1.57)
Repayment of lease liabilities	(91.34)	(56.88)	(23.31)
Dividend paid	(904.02)	(968.09)	-
Dividend tax paid	-	(197.99)	-
Proceeds from issue of equity shares	-	8,477.30	-
Proceeds from issue of compulsorily convertible preference shares	-	228.76	-
Buyback of shares	-	(814.21)	-
Tax paid on buy back of shares	-	(183.64)	-
Expense related to capital raising	-	-	-
Fees paid for increase in authorised share capital	(20.97)	(8.72)	-
Interest paid	(246.31)	(212.75)	(160.19)
<b>Net cash (used in)/generated from financing activities - (Continuing operations)</b>	<b>(666.99)</b>	<b>7,668.24</b>	<b>(337.06)</b>
<b>Net cash (used in) financing activities - (Discontinued operations)</b>	<b>-</b>	<b>-</b>	<b>(3,124.17)</b>
<b>Net cash (used in)/generated from financing activities - Total (C)</b>	<b>(666.99)</b>	<b>7,668.24</b>	<b>(3,461.23)</b>

**SONA BLW PRECISION FORGINGS LIMITED**
**Restated Consolidated Cash Flow Statement**
*(Figures in Million ₹, unless stated otherwise)*

	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>D Net (decrease)/increase in cash and cash equivalents (A)+(B)+(C)</b>	<b>(800.37)</b>	<b>659.55</b>	<b>126.29</b>
<b>E Cash and cash equivalents at the beginning of the year</b>	<b>1,049.85</b>	<b>390.30</b>	<b>264.01</b>
<b>F. Cash and cash equivalents at the end of the year (D)+(E)</b>	<b>249.48</b>	<b>1,049.85</b>	<b>390.30</b>
<b>Reconciliation of cash and cash equivalents as per the cash flow statement</b>			
Cash and cash equivalents as per above comprise of the following			
Balances in current accounts	247.98	445.43	1.84
Cash on hand	0.10	0.14	0.10
Bank deposits with original maturity of less than three months	1.40	604.28	-
Balances of cash and cash equivalents of disposal group classified as held for sale (refe note 49)	-	-	388.36
<b>Balances per statement of cash flows</b>	<b>249.48</b>	<b>1,049.85</b>	<b>390.30</b>
Cash and cash equivalents of discontinued operations, classified as held for sale (refe note 49)	-	-	388.36
Cash and cash equivalents of continuing operations	-	1,049.85	1.94

Summary of significant accounting policies and other explanatory information

This is the Restated Consolidated Cash Flow Statement referred to in our report of even date.

**For Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Registration No. : 001076N/N500013

For and on behalf of the Board of Directors of  
**SONA BLW PRECISION FORGINGS LIMITED**

**Arun Tandon**  
Partner  
Membership No: 517273

**Sunjay Kapur**  
Non Executive Chairman  
DIN: 00145529

**Vivek Vikram Singh**  
Managing Director and  
Group Chief Executive  
Officer  
DIN: 07698495

**Rohit Nanda**  
Group Chief Financial Officer

**Ajay Pratap Singh**  
Company Secretary  
M.No. - ACS-5253

Place: New Delhi  
Date: 27 April 2021

Place: Gurugram  
Date: 27 April 2021

**SONA BLW PRECISION FORGINGS LIMITED**  
**Restated Consolidated Statement of Changes in Equity**  
*(Figures in Million ₹, unless stated otherwise)*

**A. Equity share capital**

	Amount
Balance as at 1 April 2018	277.18
Changes in equity share capital during the year	-
Balance as at 31 March 2019	277.18
Issue of shares	220.29
Buyback of shares	(25.93)
Balance as at 31 March 2020	471.54
Conversion of compulsory convertible preference shares into equity shares (refer note 16A)	5.94
Bonus shares issued during the year (refer note 16A)	5,252.32
Balance as at 31 March 2021	5,729.80

**B. Instruments entirely equity in nature**

	Amount
Balance as at 1 April 2018	-
Changes during the year	-
Balance as at 31 March 2019	-
Issue of compulsorily convertible preference shares during the year (refer note 56)	5.94
Balance as at 31 March 2020	5.94
Conversion of compulsory convertible preference shares into equity shares (refer note 16B)	(5.94)
Balance as at 31 March 2021	-

**C. Other equity**

	General reserve	Securities premium	Foreign currency translation reserve	Equity instruments through other comprehensive income	Capital redemption reserve	Employee's stock options reserve	Retained earnings	Total	Non-controlling interest
Balance as at 1 April 2018	120.00	382.14	(212.42)	-	-	-	(565.13)	(275.41)	25.40
Profit for the year	-	-	-	-	-	-	1,729.71	1,729.71	2.09
Remeasurements of defined benefit obligations	-	-	-	-	-	-	(13.76)	(13.76)	(0.49)
Currency translation during the year	-	-	20.05	-	-	-	-	20.05	-
Others	-	-	-	-	-	-	-	-	(2.77)
Balance as at 31 March 2019	120.00	382.14	(192.37)	-	-	-	1,150.82	1,460.59	24.23
Profit for the year	-	-	-	-	-	-	3,603.43	3,603.43	-
Transferred to profit and loss on disposal of foreign operations	-	-	192.37	-	-	-	-	192.37	(24.23)
Net changes in fair values of equity instruments carried at fair value through other comprehensive income	-	-	-	(309.28)	-	-	-	(309.28)	-
Premium on fresh issue of equity shares	-	8,257.02	-	-	-	-	-	8,257.02	-
Premium on fresh issue of preference shares	-	222.81	-	-	-	-	-	222.81	-
Premium on buy back of shares	-	(788.28)	-	-	-	-	-	(788.28)	-
Tax paid on buy back of shares	-	(183.64)	-	-	-	-	-	(183.64)	-
Stamp duty paid for increase in authorised share capital	-	(8.72)	-	-	-	-	-	(8.72)	-
Remeasurements of defined benefit obligations	-	-	-	-	-	-	8.71	8.71	-
Currency translation during the year	-	-	14.00	-	-	-	-	14.00	-
Dividend paid	-	-	-	-	-	-	(968.09)	(968.09)	-
Tax on dividend	-	-	-	-	-	-	(198.99)	(198.99)	-
Transfer to capital redemption reserve	-	-	-	-	25.93	-	(25.93)	-	-
Balance as at 31 March 2020	120.00	7,881.33	14.00	(309.28)	25.93	-	3,569.95	11,301.93	-

**SONA BLW PRECISION FORGINGS LIMITED**  
**Restated Consolidated Statement of Changes in Equity**  
*(Figures in Million ₹, unless stated otherwise)*

	General reserve	Securities premium	Foreign currency translation reserve	Equity instruments through other comprehensive income	Capital redemption reserve	Employee's stock options reserve	Retained earnings	Total	Non-controlling interest
<b>Balance as at 1 April 2020</b>	<b>120.00</b>	<b>7,881.33</b>	<b>14.00</b>	<b>(309.28)</b>	<b>25.93</b>	<b>-</b>	<b>3,569.95</b>	<b>11,301.93</b>	<b>-</b>
Net profit for the year	-	-	-	-	-	-	2,151.65	2,151.65	-
Remeasurement of defined benefit obligations, net of tax	-	-	-	-	-	-	3.64	3.64	-
Dividend paid	-	-	-	-	-	-	(904.01)	(904.01)	-
Employee stock option charge for the year	-	-	-	-	-	45.37	-	45.37	-
Securities premium utilised on bonus share issue	-	(5,252.32)	-	-	-	-	-	(5,252.32)	-
Stamp duty paid for increase in authorised share capital	-	(20.97)	-	-	-	-	-	(20.97)	-
Currency translation during the year	-	-	2.92	-	-	-	-	2.92	-
Net changes in fair values of equity instruments carried at fair value through other comprehensive income	-	-	-	(19.00)	-	-	-	(19.00)	-
<b>Balance as at 31 March 2021</b>	<b>120.00</b>	<b>2,608.04</b>	<b>16.92</b>	<b>(328.28)</b>	<b>25.93</b>	<b>45.37</b>	<b>4,821.23</b>	<b>7,309.21</b>	<b>-</b>

Summary of significant accounting policies and other explanatory information

This is the Restated Consolidated Statement of Changes in Equity referred to in our report of even date.

**For Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Registration No. : 001076N/N500013

For and on behalf of the **Board of Directors** of  
**SONA BLW PRECISION FORGINGS LIMITED**

**Arun Tandon**  
Partner  
Membership No: 517273

**Sunjay Kapur**  
Non Executive Chairman  
DIN: 00145529

**Vivek Vikram Singh**  
Managing Director  
and Group Chief  
Executive Officer  
DIN: 07698495

**Rohit Nanda**  
Group Chief Financial Officer

**Ajay Pratap Singh**  
Company Secretary  
M.No. - ACS-5253

Place: New Delhi  
Date: 27 April 2021

Place: Gurugram  
Date: 27 April 2021

## Sona BLW Precision Forgings Limited

### Summary of significant accounting policies and other explanatory information to restated consolidated financial information

#### 1. Group overview

Sona BLW Precision Forgings Limited (the “Parent Company”), a public limited company was incorporated on 27 October 1995 and began commercial production in November 1998. Sona BLW and its subsidiaries (together referred to as “the Group”) are engaged in the manufacturing of precision forged bevel gears, differential case assemblies, conventional and micro-hybrid starter motors, EV traction motors etc., for automotive and other applications

Pursuant to approval of the Board of Directors and the shareholders in their meetings held on 16 October 2018, the Company executed Share Purchase Agreement with Singapore VII Topco III Pte. Ltd and consequently, the Parent Company on 5 July 2019 had acquired 100% equity shares (representing 100% voting interest) of Comstar Automotive Technologies Pvt. Ltd. and its subsidiaries and Comstar Automotive Hong Kong Limited and its subsidiaries.

Further, the Parent Company had executed an agreement dated 16 October 2018 to sell 81% stake in its wholly owned subsidiary, Sona Holding BV Netherlands (Sona BV), to Sona Autocomp Holding Private Limited. On 4 July 2019, the Parent Company completed the aforementioned transaction and accordingly, with effect from that date, Sona Holding BV Netherlands ceased to be Company’s subsidiary.

#### 2. Group Companies

Consolidated financial statements comprise the financial statements of Sona BLW Precision Forgings Limited, its subsidiaries and its associate (hereinafter referred together referred to as ‘Group’) which are listed below:

Name of Subsidiary	Country of incorporation	Proportion of ownership (%) as at 31 March 2021	Proportion of ownership (%) as at 31 March 2020	Proportion of ownership (%) as at 31 March 2019
Sona Holding B.V Amsterdam, The Netherlands*	Netherland	Nil	Nil	100%
Sona Autocomp USA LLC*	USA	Nil	Nil	100%
Sona Autocomp Germany GmbH*	Germany	Nil	Nil	100%
PHT Beteiligungs GmbH & Co. KG	Germany	Nil	Nil	94.4%
SONA BLW Driveline LLC*	USA	Nil	Nil	100%
SONA BLW-Hilfe GmbH*	Germany	Nil	Nil	100%
SONA BLW Hungary Ltd*	Hungary	Nil	Nil	100%
SONA BLW Prazisionsschmiede GmbH*	Germany	Nil	Nil	99.7%
Comstar Automotive Technologies Private Limited#	India	100%	100%	Nil

**Sona BLW Precision Forgings Limited**

**Summary of significant accounting policies and other explanatory information to restated consolidated financial information**

Comstar Automotive Technologies Services Private Limited#	India	100%	100%	Nil
Comstar Automotive USA LLC#	USA	100%	100%	Nil
Comstar Hong Kong Mexico No. 1, LLC#	USA	100%	100%	Nil
Comstar Automotive Hong Kong Ltd.#	Hong Kong	100%	100%	Nil
Comestel Automotive Technologies Mexicana Ltd#	Hong Kong	100%	100%	Nil
Comstar Automotive (Hangzhou) Co., Ltd#	China	100%	100%	Nil
Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V#	Mexico	100%	100%	Nil
Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V#	Mexico	100%	100%	Nil
Sona Comstar eDrive Private Limited^	India	100%	Nil	Nil

# Acquired on 5 July 2019

\* Ceased to be subsidiary from 4 July 2019

^ Company formatted on 12 November 2020

<b>Name of Associate</b>	<b>Country of incorporation</b>	<b>Proportion of ownership (%) as at 31 March 2021</b>	<b>Proportion of ownership (%) as at 31 March 2020</b>	<b>Proportion of ownership (%) as at 31 March 2019</b>
Sona Skill Development Centre Limited *	India	Nil	Nil	Nil

\* 50 % associate till 6 December 2018

### **3. (A) Significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of this restated consolidated financial information. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **a) Basis of preparation**

The Restated Consolidated Financial Information relates to the Group and has been specifically prepared for inclusion in the document to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with the proposed Initial Public Offer ('IPO') of equity shares of the Company (referred to as the "Issue"). The Restated Consolidated Financial Information comprise of the Restated Consolidated Balance Sheet as at 31 March 2021, 31 March 2020 and 31 March 2019, the



Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Cash Flow Statement, the Restated Consolidated Statement of Changes in Equity and Statement of Significant Accounting Policies and other explanatory information for the year ended 31 March 2021, 31 March 2020 and 31 March 2019 (hereinafter collectively referred to as "Restated Consolidated Financial Information").

The Restated Consolidated Financial Information has been prepared to comply in all material respects with the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the "Act") read with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time, in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations").

The Restated Consolidated Financial Information has been compiled by the Management from:

- a. The audited consolidated financial statements as at and for the year ended 31 March 2021, prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act, which have been approved by the Board of Directors at their meeting held on 27 April 2021.
- b. The audited consolidated financial statements as at and for the years ended 31 March 2020 and 31 March 2019 prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act, which have been approved by the Board of Directors at their meeting held on 29 December 2020 and 20 November 2019 respectively.

The Restated Consolidated Financial Information have been prepared so as to contain information / disclosures and incorporating adjustments set out below in accordance with the ICDR Regulations:

- a. Adjustments to the profits or losses of the earlier periods and of the period in which the change in the accounting policy has taken place is recomputed to reflect what the profits or losses of those periods would have been if a uniform accounting policy was followed in each of these periods, if any;
- b. Adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited consolidated financial statements of the Group for the year ended 31 March 2021 and the requirements of the SEBI Regulations, if any;
- c. The resultant impact of tax due to the aforesaid adjustments, if any.

#### **b) Current versus non-current classification**

The Group presents assets and liabilities in the Balance Sheet based on the current/non-current classification.

An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current assets include the current portion of non-current financial assets. The Group classifies all other assets as non-current.

A liability is treated current when:

- It is expected to be settled in normal operating cycle;

## Sona BLW Precision Forgings Limited

### Summary of significant accounting policies and other explanatory information to restated consolidated financial information

- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Current liabilities include current portion of non-current financial liabilities. The Group classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle for the purpose of current / non-current classification of assets and liabilities.

#### c) Business combinations

The Group applies the acquisition method in accounting for business combinations. The cost of acquisition is the aggregate of the consideration transferred measured at fair value at the acquisition date. Acquisition costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. Goodwill is measured as excess of the aggregate of the fair value of the consideration transferred over the fair value of the net of identifiable assets acquired and liabilities assumed. If the fair value of the net of identifiable assets acquired and liabilities assumed is in excess of the aggregate mentioned above, the resulting gain on bargain purchase is recognised.

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

#### d) Property, plant and equipment

Freehold land is carried at cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The cost of an item of property, plant and equipment is the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the property, plant and equipment is capitalized at discounted value. The difference between the discounted value and the total payment is recognized as interest over the period of credit.

#### Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives (as set out below) as prescribed in Schedule II of the Act: -

Asset category	Useful life (in years)
Factory Buildings	30
Roads	10

Asset category	Useful life (in years)
Sheds	3
Plant and equipment	15
Furniture and fixtures	10
IT equipment	6
Computers	3
Vehicles	4-8
Office equipment	5
Leasehold improvements	Over the effective term of lease

In case of subsidiaries, the following useful lives have been used by the Group:

Asset category	Useful life (in years)
Buildings	10 to 50 years
Buildings and land improvements	15 to 25 years
Technical machinery and equipment	8 to 25 years
Other equipment, factory and office equipment	3 to 10 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

#### De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

#### **e) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Expenditure on the research phase of projects is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided the Group can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use.
- its intention to complete the intangible asset and use or sell it.
- its ability to use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation methods and periods.

The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

<b>Asset class</b>	<b>Useful life (in years)</b>
Computer software	6
Technical know-how	6

In case of subsidiaries, the following useful lives have been used by the Group:

Intangible assets with finite useful lives are capitalized at cost and amortized on a straight-line basis generally over a period of 3 to 15 years, depending on their estimated useful lives. Useful lives are examined on an annual basis and adjusted when applicable on a prospective basis.

Intangible assets - Customer relationships

Customer relationships acquired in a business combination are recognized at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of customer relationships over their estimated useful lives of 15 years.

**f) Leases**

Transition to Ind AS 116 – Leases:

For the purposes of this restated consolidated financial information, effective 1 April, 2017, the Group adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on 1 April, 2017 using the modified retrospective method. the Group adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on 1 April 2017 using the modified retrospective method with the cumulative effect of adopting Ind AS 116 being recognized in equity as an adjustment to the opening balance of retained earnings.

Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments. On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

The following is the summary of practical expedients elected on initial application:

1. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application

2. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
3. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The Group lease asset classes primarily consist of leases for land, buildings and plant and machinery. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the right to extend the lease. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

#### **g) Inventories**

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realizable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost are assigned to individual items of inventory on the basis of weighted average method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**h) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposit accounts, margin deposit money and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities in the balance sheet. The statement of cashflow is prepared using indirect method.

**i) Impairment of non-financial assets**

Intangible assets that have an indefinite useful life (including Goodwill and Brands) are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. At each reporting date, the Group assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of asset over its remaining useful life.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**j) Impairment of financial assets**

All financial assets except for those at fair value through profit and loss (FVTPL) are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets. In accordance with Ind-AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortized cost. ECL is the weighted average of difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Group is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

The Group applies approach permitted by Ind AS 109 Financial Instruments, which requires lifetime expected credit losses to be recognized upon initial recognition of receivables. Lifetime ECL are the

expected credit losses resulting from all possible default events over the expected life of a financial instrument. The Group uses the expected credit loss model to assess any required allowances and uses a provision matrix to compute the expected credit loss allowance for trade receivables. Life time expected credit losses are assessed and accounted based on Group historical collection experience for customers and forecast of macroeconomic factors.

#### Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses. When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

#### **k) Financial instruments**

Financial instruments are recognized when the Group becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at FVTPL which are measured initially at fair value.

If the Group determines that the fair value at initial recognition differs from the transaction price, the Group accounts for that instrument at that date as follows:

- a) at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets. The Group recognizes the difference between the fair value at initial recognition and the transaction price as a gain or loss.
- b) in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Group recognizes that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement of financial assets and financial liabilities is described below:

#### Financial assets

##### Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

Financial assets at amortized cost

A financial instrument is measured at amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method.

Financial assets at fair value

Investments in equity instruments (other than subsidiaries / associates) – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified at FVTPL. For all other equity instruments, the Group decides to classify the same either at fair value through other comprehensive income (FVOCI) or FVTPL. The Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

De-recognition of financial assets

A financial asset is primarily de-recognized when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

Financial liabilities

Subsequent measurement

After initial recognition, the financial liabilities are subsequently measured at amortized cost using effective interest method. Amortized cost is calculated after considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortization is included as finance costs in the statement of profit and loss.

De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.



#### Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in consolidated statement of profit and loss.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously

### **l) Fair value measurement**

The Group measures certain financial instruments, such as, investments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

### **m) Provisions, contingent liabilities and contingent assets**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of best estimate of the expenditure required to settle the present obligation at the balance sheet date.

The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense. Expected future operating losses are not provided for.

#### Contingencies

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognized. However, when inflow of economic benefits is probable, related asset is disclosed.

**n) Revenue recognition**

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over a product or service to a customer.

Revenue from sale of goods

Revenue from sale of goods is recognized when the control of goods is transferred to the buyer as per the terms of the contract, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods.

Revenue is measured at fair value of the consideration received or receivable and are accounted for net of returns and discounts. Sales, as disclosed, are exclusive of goods and services tax.

Other incomes

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable. For all financial assets measured at amortized cost, interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

Dividend is recognized as and when the right of the Group to receive payment is established.

Export benefit entitlements under various schemes notified by the government are recognized in the statement of profit and loss when the right to receive credit as per terms of the scheme is established in respect of the exports made and no significant uncertainties exist as to the amount of consideration and its ultimate collection.

**o) Employee benefits**

**i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

**ii) Post-employment benefits**

Defined contribution plan: A defined contribution plan is a post-employment benefit plan under which the Group pays specified contributions to a separately entity. The Group has defined contribution plans for provident fund and employees' state insurance scheme. The Group's contribution in the above plans is recognized as an expense in the Statement of Profit and Loss during the year in which the employee renders the related service.

Defined benefit plans: The Group has defined benefit plan namely Gratuity for employees. The liability in respect of gratuity plans is calculated annually by independent actuary using the projected

unit credit method. The Group recognizes the following changes in the net defined benefit obligation under employee benefits expense in statement of profit or loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailment and non-routine settlements
- Net interest expense

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

**iii) Other long-term employee benefits**

Compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the end of the year. Actuarial gains/losses are immediately recognized to the Statement of Profit and Loss.

**iv) Termination benefits are recognized as an expense immediately.**

**p) Employee share based payments**

The Company has equity-settled share-based remuneration plans for its employees. None of the Company's plans are cash-settled. Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date. All share-based remuneration is ultimately recognized as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

**q) Foreign currency transactions**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Group's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/ (losses). Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

**r) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Eligible transaction/ ancillary costs incurred in connection with the arrangement of borrowings are adjusted with the proceeds of the borrowings.

**s) Income taxes**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of Goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

**t) Earnings per share**

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group;
- by the weighted average number of equities shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

Dilute earnings per share

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

**u) Non-current assets held for sale and discontinued operations**

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, assets arising from employee benefits and deferred tax assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortization. A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale. Profit or loss from discontinued operations comprise the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale. Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations.

**3. (B) Standards issued but not yet effective**

All the Ind AS issued and notified by the Ministry of Corporate Affairs ('MCA') under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorized have been considered in preparing these financial statements.

Standards issued but not effective

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards. However, there are no such notifications which have been issued but are not yet effective or applicable from 1 April 2021.

**4. Significant accounting judgements, estimates and assumptions**

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements includes:

- measurement of defined benefit obligations;
- estimation of useful lives of property, plant and equipment;
- provision and contingent liabilities;
- carrying values of inventories;

**Sona BLW Precision Forgings Limited**

**Summary of significant accounting policies and other explanatory information to restated consolidated financial information**

- expected credit loss on receivables;
- impairment of non-financial assets (goodwill and brands);
- measurement of share based payments;
- cash flow projections and liquidity assessment with respect to Covid-19 (refer note 58).

**SONA BLW PRECISION FORGINGS LIMITED**  
**Summary of significant accounting policies and other explanatory information**  
*(Figures in Million ₹, unless stated otherwise)*

**5 Property, plant and equipment and Capital work-in-progress**

Property, plant and equipment	Freehold land	Buildings (Refer note i)	Plant and equipment (Refer note ii)	Plant and equipment on lease	Furniture and fixtures	Office equipment	Computers	Vehicles	Leasehold improvement	Total	Right-of-use assets			
											Leasehold land	Building	Plant and machinery	Total
Gross carrying amount as at 1 April 2018	13.10	1,831.36	3,927.25	561.60	33.15	276.98	42.47	80.73	39.45	6,806.09	14.16	936.57	253.49	1,204.22
Additions	-	22.17	573.75	192.98	1.08	71.90	6.36	4.41	40.51	913.16	227.68	168.36	66.72	462.76
Disposals	-	(826.30)	(112.27)	(0.23)	(1.21)	(16.01)	-	(5.03)	-	(961.05)	-	-	-	-
Asset held for sale (refer note 49)	-	(653.99)	(2,742.51)	(571.56)	-	(260.30)	-	-	-	(4,228.36)	-	(889.20)	(312.12)	(1,201.32)
Foreign currency translation adjustment	-	(47.66)	(4.36)	(182.79)	-	(22.58)	-	-	-	(257.39)	-	(24.17)	(8.09)	(32.26)
Gross block as at 31 March 2019	13.10	325.58	1,641.86	-	33.02	49.99	48.83	80.11	79.96	2,272.45	241.84	191.56	-	433.40
Accumulated depreciation as at 1 April 2018	-	220.11	1,130.65	88.23	4.72	73.05	5.00	9.24	4.84	1,535.84	0.24	140.15	58.74	199.13
Depreciation charge during the year	-	47.06	565.30	63.96	5.13	84.41	10.13	10.65	12.07	798.71	2.04	166.21	61.80	230.05
Disposals	-	(187.86)	(95.55)	-	(0.57)	(16.01)	-	(1.09)	-	(301.08)	-	-	-	-
Asset held for sale (refer note 49)	-	(31.82)	(1,132.70)	(70.69)	-	(97.86)	-	-	-	(1,333.07)	-	(270.21)	(116.19)	(386.40)
Foreign currency translation adjustment	-	(16.81)	(89.01)	(81.50)	-	(24.14)	-	-	-	(211.46)	-	(10.16)	(4.35)	(14.51)
Closing accumulated depreciation	-	30.68	378.69	-	9.28	19.45	15.13	18.80	16.91	488.94	2.28	25.99	-	28.27
Net carrying amount as at 31 March 2019	13.10	294.90	1,263.17	-	23.74	30.54	33.70	61.31	63.05	1,783.52	239.56	165.57	-	405.13
Gross carrying amount as at 1 April 2019	13.10	325.57	1,641.86	-	33.02	49.98	48.83	80.11	79.96	2,272.45	241.84	191.56	-	433.40
Acquired pursuant to business combination (refer note 55)	15.00	164.00	416.66	-	13.04	20.00	18.71	13.12	13.48	674.00	683.59	-	-	683.59
Additions	-	15.78	667.41	-	6.76	10.08	16.32	14.42	18.87	749.64	-	381.63	-	381.63
Transfer on capitalisation	-	-	48.00	-	-	-	-	-	-	48.00	-	-	-	-
Disposals	-	-	(0.19)	-	(5.92)	(0.14)	(3.94)	(5.26)	(0.97)	(16.42)	-	(4.67)	-	(4.67)
Gross block as at 31 March 2020	28.10	505.35	2,773.74	-	46.90	79.92	79.92	102.39	111.34	3,727.67	925.43	568.52	-	1,493.95
Accumulated depreciation as at 1 April 2019	-	30.65	378.79	-	9.28	19.45	15.13	18.80	16.91	489.04	2.28	25.99	-	28.27
Depreciation charge during the year	-	23.85	313.59	-	6.89	14.74	20.60	16.12	8.80	404.59	13.32	31.84	-	45.16
Transfer on capitalisation	-	-	-	-	-	-	-	-	-	-	2.00	-	-	2.00
Disposals	-	-	(0.19)	-	(2.76)	(0.14)	(3.73)	(4.21)	-	(11.03)	-	(0.89)	-	(0.89)
Closing accumulated depreciation	-	54.50	692.19	-	13.41	34.05	32.00	30.71	25.71	882.60	17.60	56.94	-	74.54
Net carrying amount as at 31 March 2020	28.10	450.85	2,081.55	-	33.49	45.87	47.92	71.68	85.63	2,845.07	907.83	511.58	-	1,419.41
Gross carrying amount as at 1 April 2020	28.10	505.35	2,773.74	-	46.90	79.92	79.92	102.39	111.34	3,727.67	925.43	568.52	-	1,493.95
Additions	-	15.27	1,072.46	-	5.80	14.29	26.93	14.69	24.23	1,173.67	-	245.02	-	245.02
Foreign currency translation adjustment	-	(0.99)	(0.49)	-	0.27	(0.01)	0.01	0.45	-	(0.76)	-	-	-	-
Disposals	(2.27)	-	(231.27)	-	-	(0.03)	(0.85)	(10.39)	-	(244.81)	-	-	-	-
Gross block as at 31 March 2021	25.82	519.62	3,614.45	-	52.98	94.15	106.01	107.13	135.57	4,655.77	925.43	813.54	-	1,738.97
Accumulated depreciation as at 1 April 2020	-	54.50	692.19	-	13.41	34.05	32.00	30.71	25.71	882.58	17.60	56.94	-	74.54
Depreciation charge during the year	-	27.99	450.26	-	7.30	15.21	25.32	18.96	10.19	555.25	10.48	61.31	-	71.78
Disposals	-	-	(221.48)	-	-	(0.02)	(0.77)	(8.75)	-	(231.02)	-	-	-	-
Foreign currency translation adjustment	-	(0.16)	0.02	-	0.01	(0.01)	(0.01)	0.09	-	(0.06)	-	-	-	-
Closing accumulated depreciation	-	82.33	920.99	-	20.72	49.23	56.55	41.02	35.90	1,206.75	28.08	118.25	-	146.32
Net carrying amount as at 31 March 2021	25.82	437.29	2,693.46	-	32.26	44.92	49.47	66.11	99.67	3,449.02	897.35	695.29	-	1,592.65

**SONA BLW PRECISION FORGINGS LIMITED****Summary of significant accounting policies and other explanatory information***(Figures in Million ₹, unless stated otherwise)***5 Property, plant and equipment and Capital work-in-progress**

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Capital work-in-progress	821.36	581.37	131.67
<b>Total</b>	<b>821.36</b>	<b>581.37</b>	<b>131.67</b>

**Notes:**

(i) In Parent Company, Building (gross block) amounting ₹ 177.58 million (31 March 2020: ₹ 167.34 million, 31 March 2019: ₹ 148.47 million), net block ₹ 124.84 million (31 March 2020: ₹ 123.62 million, 31 March 2019: ₹ 115.29 million) is constructed on leasehold land

(ii) Refer note 44 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) The Parent Company has a leasehold land at Pune which has been taken on a lease for a period of 95 years in the year 2018-19. Initial lease payment of ₹ 227.68 million has been made. No annual rent is required to be paid for the aforementioned leasehold land.

(iv) The Parent Company has a leasehold land at Pune which has been taken on a lease for a period of 71 years and 8 months in the year 2004-05. Initial lease payment of ₹ 17.15 millions has been made. No annual rent is required to be paid for the aforementioned leasehold land.

(v) Out of total depreciation of ₹ 798.71 million, of Property, plant and equipment, for the year ended 31 March 2019, depreciation amounting to ₹ 520.77 million pertains to discontinued operation which has been transferred to asset held for sale (refer note 49)

(vi) Out of total amortisation of right-of-use assets of ₹ 230.05 million, for the year ended 31 March 2019, depreciation amounting to ₹ 211.98 million pertains to discontinued operation which has been transferred to asset held for sale (refer note 49)



**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**6 Intangible assets and Intangible assets under development**

Intangible assets	Computer software	Technical knowhow	Capitalised development expenditure	Brand	Other intangible assets	Customer relationships	Total	Goodwill on consolidation (inc assembled workforce)
<b>Gross carrying amount as at 1 April 2018</b>	<b>37.00</b>	<b>27.18</b>	-	-	<b>77.60</b>	-	<b>141.78</b>	<b>1,552.45</b>
Additions	11.38	-	-	670.03	18.35	-	<b>699.76</b>	-
Disposals	-	-	-	-	(1.94)	-	<b>(1.94)</b>	-
Asset held for sale (refer note 49)	-	-	-	-	(89.41)	-	<b>(89.41)</b>	(1,502.97)
Foreign currency translation adjustment	-	-	-	-	(4.60)	-	<b>(4.60)</b>	(49.48)
<b>Gross block as at 31 March 2019</b>	<b>48.38</b>	<b>27.18</b>	-	<b>670.03</b>	-	-	<b>745.59</b>	-
<b>Accumulated amortisation as at 1 April 2018</b>	<b>4.72</b>	<b>3.40</b>	-	-	<b>28.59</b>	-	<b>36.71</b>	-
Amortisation charge for the year	9.03	4.53	-	-	18.95	-	<b>32.51</b>	-
Asset held for sale (refer note 49)	-	-	-	-	(41.95)	-	<b>(41.95)</b>	-
Foreign currency translation adjustment	-	-	-	-	(5.59)	-	<b>(5.59)</b>	-
<b>Accumulated amortisation as at 31 March 2019</b>	<b>13.75</b>	<b>7.93</b>	-	-	-	-	<b>21.68</b>	-
<b>Net carrying amount as at 31 March 2019</b>	<b>34.63</b>	<b>19.25</b>	-	<b>670.03</b>	-	-	<b>723.91</b>	-
<b>Gross carrying amount as at 1 April 2019</b>	<b>48.38</b>	<b>27.18</b>	-	<b>670.03</b>	-	-	<b>745.59</b>	-
Acquired pursuant to business combination (refer note 55)	13.00	-	-	-	-	4,009.00	<b>4,022.00</b>	1,758.09
Additions	89.67	-	-	17.37	-	-	<b>107.04</b>	-
Disposals	(7.95)	-	-	-	-	-	<b>(7.95)</b>	-
<b>Gross block as at 31 March 2020</b>	<b>143.10</b>	<b>27.18</b>	-	<b>687.40</b>	-	<b>4,009.00</b>	<b>4,866.68</b>	<b>1,758.09</b>
<b>Accumulated amortisation as at 1 April 2019</b>	<b>13.75</b>	<b>7.93</b>	-	-	-	-	<b>21.68</b>	-
Opening accumulated amortisation	18.62	4.53	-	-	-	198.30	<b>221.45</b>	-
Disposals	(5.63)	-	-	-	-	-	<b>(5.63)</b>	-
<b>Accumulated amortisation as at 31 March 2020</b>	<b>26.74</b>	<b>12.46</b>	-	-	-	<b>198.30</b>	<b>237.50</b>	-
<b>Net carrying amount as at 31 March 2020</b>	<b>116.37</b>	<b>14.72</b>	-	<b>687.40</b>	-	<b>3,810.70</b>	<b>4,629.18</b>	<b>1,758.09</b>
<b>Gross carrying amount as at 1 April 2020</b>	<b>143.10</b>	<b>27.18</b>	-	<b>687.40</b>	-	<b>4,009.00</b>	<b>4,866.68</b>	<b>1,758.09</b>
Additions*	88.57	-	992.90	-	-	-	<b>1,081.47</b>	-
<b>Gross block as at 31 March 2021</b>	<b>231.67</b>	<b>27.18</b>	<b>992.90</b>	<b>687.40</b>	-	<b>4,009.00</b>	<b>5,948.15</b>	<b>1,758.09</b>
<b>Accumulated amortisation as at 1 April 2020</b>	<b>26.74</b>	<b>12.46</b>	-	-	-	<b>198.30</b>	<b>237.50</b>	-
Amortisation charge for the year	40.84	4.52	32.01	-	-	267.07	<b>344.44</b>	-
<b>Accumulated amortisation as at 31 March 2021</b>	<b>67.57</b>	<b>16.98</b>	<b>32.01</b>	-	-	<b>465.37</b>	<b>581.94</b>	-
<b>Net carrying amount as at 31 March 2021</b>	<b>164.10</b>	<b>10.20</b>	<b>960.89</b>	<b>687.40</b>	-	<b>3,543.63</b>	<b>5,366.21</b>	<b>1,758.09</b>

\* Includes transfer from intangible assets under development amounting to Rs. 315 Million (PY Nil)

Intangible assets under development	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Patent under development	-	315.00	-
Others	10.76	-	-
	<b>10.76</b>	<b>315.00</b>	-

**Note**

(i) Out of total amortisation of ₹ 32.51 million on intangible assets for the year ended 31 March 2019, depreciation amounting to ₹ 18.95 million pertains to discontinued operation which has been transferred to asset held for sale (refer note 49)

(ii) In subsidiary companies, development cost of ₹ Nil (31 March 2020: ₹ Nil, 31 March 2019: ₹ 3.97 million) have been capitalised. Research and development cost are recognised as part of the other expenses

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**7 Investments**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>Unquoted equity instruments, fully paid up</b>			
9,953 (31 March 2020: 9,953) equity shares of Euro 500 each in Sona Holding B.V. The Netherlands (refer note 49)	-	19.00	-
	-	<b>19.00</b>	-
Aggregate amount of unquoted non-current investments	-	19.00	-

**8 Loans**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>Unsecured, considered good</b>			
<b>Non current</b>			
Security deposits	57.77	50.79	23.14
<b>Total loans - non current</b>	<b>57.77</b>	<b>50.79</b>	<b>23.14</b>
<b>Current</b>			
Security deposits	0.35	4.92	0.19
<b>Total loans - current</b>	<b>15.07</b>	<b>4.92</b>	<b>0.19</b>

Notes:

(i) The exposure to financial risks and fair value measurement related to these financial instruments is described in note 36 and 37

**9 Other financial assets**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>Unsecured, considered good</b>			
<b>Non current</b>			
Fixed deposits with banks with maturity period of more than 12 months (refer note (i))	-	0.87	38.11
<b>Total other financial assets- non current</b>	<b>-</b>	<b>0.87</b>	<b>38.11</b>
<b>Current</b>			
Receivable from related parties	-	0.30	2.46
Forward contract receivables	147.87	-	6.47
Royalty income receivable	1.47	5.00	-
Others	2.31	-	23.33
<b>Total other financial assets- current</b>	<b>151.65</b>	<b>5.30</b>	<b>32.26</b>

Notes:

(i) Held as margin money deposits against bank guarantees, letter of credit availed by the Group and under lien for loan facility.

(ii) The exposure to financial risks and fair value measurement related to these financial instruments is described in note 36 and 37

**10 Income tax assets (net)**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>Non current</b>			
Prepaid taxes	186.74	291.42	11.24
	<b>186.74</b>	<b>291.42</b>	<b>11.24</b>

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**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**11 Other assets**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>Non current</b>			
Prepaid expenses	2.07	11.41	6.23
Capital advances	251.90	219.08	77.96
Un-adjusted consideration for revenue contract	42.26	48.00	-
<b>Total other assets- non current</b>	<b>296.23</b>	<b>278.49</b>	<b>84.19</b>
<b>Current</b>			
Prepaid expenses	59.79	46.65	23.63
Loans and advances to employees	3.29	4.49	3.42
Advance to suppliers for goods and services	107.61	88.47	8.51
Balance with government authorities	297.80	168.53	92.07
Un-adjusted consideration for revenue contract	19.23	-	-
Other assets	74.22	50.38	22.29
Less: Allowance for doubtful advances	(20.38)	(22.18)	(19.52)
<b>Total other assets- current</b>	<b>541.56</b>	<b>336.34</b>	<b>130.40</b>

**12 Inventories**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Raw materials and components *	984.56	572.41	94.09
Work-in-progress **	268.18	163.30	149.68
Finished goods ***	1,431.98	895.18	181.58
Stores and spares	174.24	174.36	110.81
Loose tools	39.06	17.91	17.15
Dies, jigs and fixtures	146.78	122.89	119.22
Scrap	10.77	16.31	5.31
<b>Total #</b>	<b>3,055.57</b>	<b>1,962.36</b>	<b>677.84</b>

# Total inventory is net of 'provision for obsolete and slow moving inventory' amounting to ₹ 47.52 million (31 March 2020: ₹ 15.30 million, 31 March 2019: ₹ 7.92 million)

\* Includes raw materials and components in transit amounting ₹ 157.59 million (31 March 2020: ₹ 44.98 million, 31 March 2019: ₹ Nil)

\*\* Includes with the vendors sent for job work ₹ 110.68 million (31 March 2020: ₹ 56.10 million, 31 March 2019: ₹ 69.43 million)

\*\*\* Includes goods in transit ₹ 361.07 million (31 March 2020: ₹ 175.21 million, 31 March 2019: ₹ 123.68 million)

**13 Trade receivables**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>Unsecured</b>			
Trade receivables considered good	4,169.87	2,336.28	1,520.98
Trade receivables - credit impaired	2.97	3.94	3.08
Less: Allowances for expected credit loss	(2.97)	(3.94)	(3.08)
<b>Total trade receivables</b>	<b>4,169.87</b>	<b>2,336.28</b>	<b>1,520.98</b>

Notes:

(i) Refer note 40 for receivable balance from related parties.

(ii) Refer note 37 - Financial instruments for assessment of expected credit losses.

**14 Cash and cash equivalents**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Balance with banks			
- in current accounts	247.98	445.43	1.84
Cash on hand	0.10	0.14	0.10
Bank deposits with original maturity of less than three months	1.40	604.28	-
<b>Total cash and cash equivalents</b>	<b>249.48</b>	<b>1,049.85</b>	<b>1.94</b>

**15 Other bank balances**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Bank deposits with original maturity of more than three months but residual maturity of less than twelve months	26.27	623.08	254.12
<b>Total other bank balances</b>	<b>26.27</b>	<b>623.08</b>	<b>254.12</b>

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**16 (A) Equity share capital**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>Authorised share capital</b>			
998,500,000 (31 March 2020: 50,500,000, 31 March 2019: 50,500,000) equity shares of ₹ 10 each	9,985.00	505.00	505.00
<b>Issued, subscribed and paid up share capital</b>			
572,980,560 (31 March 2020: 47,153,944, 31 March 2019: 27,718,376) equity shares of ₹ 10 each fully paid up	5,729.80	471.54	277.18

**i) Reconciliation of shares outstanding at the beginning and at the end of the reporting year**

Number of shares	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Equity shares outstanding at the beginning of the year	47,153,944	27,718,376	27,718,376
Less: Buyback of shares (refer note v below)	-	(2,592,935)	-
Add : Issue of shares (refer note 56)	-	22,028,503	-
Add : Conversion of compulsory convertible preference shares into equity shares (refer note vi below)	594,436	-	-
Add : Bonus shares issued during the year (refer note vii below)	525,232,180	-	-
<b>Equity shares outstanding at the end of the year</b>	<b>572,980,560</b>	<b>47,153,944</b>	<b>27,718,376</b>

Amount	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Equity shares outstanding at the beginning of the year	471.54	277.18	277.18
Less: Buyback of shares (refer note v below)	-	(25.93)	-
Add : Issue of shares (refer note 56)	-	220.29	-
Add : Conversion of compulsory convertible preference shares into equity shares (refer note vi below)	5.94	-	-
Add : Bonus shares issued during the year (refer note vii below)	5,252.32	-	-
<b>Equity shares outstanding at the end of the year</b>	<b>5,729.80</b>	<b>471.54</b>	<b>277.18</b>

**ii) Rights, preferences and restrictions attached to equity shares**

The Parent Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the Group after distribution of all preferential amounts, in proportion to their shareholding.

**iii) Shares of the Company held by Holding Company**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Singapore VII Topco III Pte. Ltd	379,771,512	31,053,190	-
Sona Autocomp Holding Private Limited (formerly known as Sona Autocomp Holding Limited)	-	-	18,693,677

**iv) Details of shareholders holding more than 5% of the total number of equity shares in the Group**

Number of shares	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Singapore VII Topco III Pte. Ltd	379,771,512	31,053,190	-
Sona Autocomp Holding Private Limited (formerly known as Sona Autocomp Holding Limited)	193,208,904	16,100,742	18,693,677
JM Financial Trustee Company Private Limited- JM Financial India Fund	-	-	9,024,687

Percentage	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Singapore VII Topco III Pte. Ltd	66.28%	65.85%	-
Sona Autocomp Holding Private Limited (formerly known as Sona Autocomp Holding Limited)	33.72%	34.15%	67.44%
JM Financial Trustee Company Private Limited- JM Financial India Fund	-	-	32.56%

(v) The shareholders of the Parent Company approved the buyback of 2,592,935 equity shares on 3 July 2019 and subsequently on 5 July 2019, Group has bought back 2,592,935 equity shares and Capital Redemption Reserve has been created in accordance with provision of the Companies Act, 2013 for the buy back of equity shares. Other than this, the Parent Company has not bought back any shares during the year ended 31 March 2021 and five years immediately preceeding the year ended 31 March 2020 .

(vi) In the board meeting on 27 January 2021 the board Board of Directors of the Parent Company has approved the conversion of the compulsorily convertible preference shares (CCPS) into the equity shares of the Company in accordance with the Share Subscription and Share Purchase Agreement dated 16 October 2018 executed between inter alia, the Company and the Investor. Number of equity shares issued against conversion of CCPS : 594,436.

(vii) The Board of Directors of the Parent Company have approved the following issuance of 11 (Eleven) bonus shares of face value ₹ 10 (Rupees Ten) each for every 1 (One) existing fully paid up equity share of face value ₹ 10 (Rupees Ten) each (including the equity shares issued upon conversion of the Compulsorily Convertible Preference Shares (CCPS) and accordingly 525,232,180 bonus shares were issued, which were allotted on 10 February 2020. Other than this, the Parent Company has not issued any shares pursuant to contracts without payment being received in cash, or allotted as fully paid up by way of bonus shares during the year ended 31 March 2021 and five years immediately preceeding the year ended 31 March 2020.

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**16 (B) Instruments entirely equity in nature**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>Authorised share capital</b>			
1,500,000 (31 March 2020: 1,500,000, 31 March 2019: 1,500,000) preference shares of ₹ 10 each	15.00	15.00	15.00
<b>Issued, subscribed and paid up share capital</b>			
Nil (31 March 2020: 594,436, 31 March 2019: Nil) Compulsorily convertible preference shares of ₹ 10 each fully paid up	-	5.94	-

**i) Reconciliation of shares outstanding at the beginning and at the end of the reporting year**

Number of shares	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Compulsorily convertible preference shares outstanding at the beginning of the year	594,436	-	-
Add : Issue of shares (refer note 56)	-	594,436	-
Less : Conversion of compulsory convertible preference shares into equity shares (refer note 16 A)	(594,436)	-	-
Compulsorily convertible preference shares outstanding at the end of the year	-	594,436	-
<b>Amount</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Compulsorily convertible preference shares outstanding at the beginning of the year	5.94	-	-
Add: Issue of 594,436 preference shares of ₹ 10 each fully paid up	-	5.94	-
Less : Conversion of compulsory convertible preference shares into equity shares	(5.94)	-	-
Compulsorily convertible preference shares outstanding at the end of the year	-	5.94	-

**ii) Rights, preferences and restrictions attached to preference shares**

Each compulsorily convertible preference shares (CCPS) has a par value of ₹10 and would be converted into equity shares of the holding company on the date falling five years from the date of issue of such CCPS or the last date of conversion under applicable laws, whichever is earlier. The preference shareholders shall receive a dividend of 0.01% per annum and carry a preferential right vis-à-vis equity shares of the holding company with respect to payment of dividend or repayment of capital. Each CCPS shall have the same voting as that given to the equity shareholders in the shareholders' meeting, to the extent of their respective ownership of equity shares (assuming the CCPS have been converted into equity shares in accordance with their terms). The preference shares shall have preferential rights vis-a-vis the equity shares, with respect to interest and other distribution rights and rights on liquidation, dissolution and winding up of the affairs of the holding company.

**iii) Shares of the Company held by Holding Company**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Singapore VII Topco III Pte. Ltd	-	594,436	-

**iv) Details of shareholders holding more than 5% of the total number of preference shares in the Group**

Number of shares	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Singapore VII Topco III Pte. Ltd	-	594,436	-
<b>Percentage</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Singapore VII Topco III Pte. Ltd	-	100.00%	-

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**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**17 Other equity**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Retained earnings	4,821.23	3,569.95	1,150.82
General reserve	120.00	120.00	120.00
Securities premium	2,608.04	7,881.33	382.14
Capital redemption reserve	25.93	25.93	-
Foreign currency translation reserve	16.92	14.00	(192.37)
Equity instruments through other comprehensive income	(328.28)	(309.28)	-
Employee's stock options account	45.37	-	-
<b>Total reserves and surplus</b>	<b>7,309.21</b>	<b>11,301.93</b>	<b>1,460.59</b>

**a) Retained earnings**

Retained earnings represent the undistributed profits that the Group has till date and it includes remeasurements of defined benefit obligation.

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Opening balance	3,569.95	1,150.82	(565.13)
Net profit for the year	2,151.65	3,603.43	1,729.71
Remeasurement of defined benefit obligations, net of tax	3.64	8.71	(13.76)
Less:-Dividend paid	(904.01)	(968.09)	-
Less:-Tax on dividend	-	(198.99)	-
Less : Transfer to capital redemption reserve	-	(25.93)	-
<b>Closing balance</b>	<b>4,821.23</b>	<b>3,569.95</b>	<b>1,150.82</b>

**b) General reserve**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>Opening balance</b>	120.00	120.00	120.00
<b>Closing balance</b>	<b>120.00</b>	<b>120.00</b>	<b>120.00</b>

The Group transferred a portion of the net profit before declaring dividend to general reserve pursuant to the earlier provision of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013. This reserve is available for distribution to shareholders in accordance with provisions of Companies Act, 2013.

**c) Securities premium**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>Opening balance</b>	7881.33	382.14	382.14
Premium on fresh issue of equity shares	0.00	8,479.83	-
Less: Stamp duty paid for increase in authorised share capital	-20.97	(8.72)	-
Less : Amount utilised for issue of bonus shares	-5252.32	-	-
Less : Premium paid on buy back of shares	-	(788.28)	-
Less: Tax paid on buy back of shares	-	(183.64)	-
<b>Closing balance</b>	<b>2,608.04</b>	<b>7,881.33</b>	<b>382.14</b>

Securities premium represents premium received on issuance of shares. The balance is utilised in accordance with the provisions of the Companies Act, 2013.

**d) Capital redemption reserve**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>Opening balance</b>	25.93	-	-
Transferred from retained earnings	-	25.93	-
<b>Closing balance</b>	<b>25.93</b>	<b>25.93</b>	<b>-</b>

Companies Act, 2013 requires that where a Group purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet. The capital redemption reserve account may be applied by the Group, in paying up unissued shares of the Group to be issued to shareholders of the Group as fully paid bonus shares. The Group established this reserve pursuant to the buyback of shares in previous year.

*(This space has been intentionally left blank)*

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**e) Foreign currency translation reserve**

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>Opening balance</b>	14.00	(192.37)	(212.42)
Exchange difference reclassified to profit or loss on disposal of subsidiary	-	192.37	-
Other Comprehensive income (OCI) for the year	2.92	14.00	20.05
<b>Closing balance</b>	<b>16.92</b>	<b>14.00</b>	<b>(192.37)</b>

**f) Equity instruments through other comprehensive income**

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. Such fair value changes are not reclassified to profit or loss even upon disposal of the investment, but are transferred to retained earnings.

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>Opening balance</b>	(309.28)	-	-
Add: Net changes in fair values of equity instruments carried at fair value through other comprehensive income	(19.00)	(309.28)	-
<b>Closing balance</b>	<b>(328.28)</b>	<b>(309.28)</b>	<b>-</b>

**g) Employee's stock options reserve**

This reserve represents the shared based compensation expense recorded with the respect to options granted to employees as and when the related grant conditions are met and is adjusted on exercise/ forfeiture of options.

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>Opening balance</b>	-	-	-
Add: Movement during the year	45.37	-	-
<b>Closing balance</b>	<b>45.37</b>	<b>-</b>	<b>-</b>

**18 Borrowings**
**(i) Non - current borrowings**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>Secured</b>			
<b>Term loans from banks</b>			
Indian rupee loans	2,489.41	2,179.70	650.66
Vehicle loans	8.07	10.49	7.99
<b>Term loans from financial institutions</b>			
Indian rupee loans	-	-	298.33
Deferred payment liabilities	20.13	31.54	113.96
	<b>2,517.61</b>	<b>2,221.73</b>	<b>1,070.94</b>
Less: Amount disclosed under other financial liabilities (refer note 20)	(610.60)	(453.51)	(337.87)
<b>Total non-current borrowings</b>	<b>1,907.01</b>	<b>1,768.22</b>	<b>733.07</b>

**(ii) Current borrowings**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Indian Rupee loans repayable on demand from banks - secured*	1,042.05	846.09	389.10
Bills discounted from financial institution - unsecured**	102.94	-	-
<b>Total current borrowings</b>	<b>1,144.99</b>	<b>846.09</b>	<b>389.10</b>

\* Cash credit/packing credit/other loans repayable on demand from banks are secured by hypothecation of inventories, book debts, other current assets and other collateral charges and second pari passu charge on movable and immovable fixed assets of the Group. The interest rate on these loans are ranging from 4.70% to 10.35%. (31 March 2020: 5.60% to 10.35%, 31 March 2019: 6.05% to 10.50%)

\*\* The Group enters into factoring arrangements with recourse for its trade receivables with various banks. As at 31 March 2021 the Group had factoring facilities in place for trade receivables and amount of Rs. 102.94 million were realised by using these facilities against which the monies were yet to be collected by the financial institution from the Group's customers. The Group does not derecognize the receivables from its books since, it does not transfer substantially all the risks and rewards of ownership of the financial asset (i.e. receivables) and a corresponding liability towards the banks is recognised in respect of aforementioned amounts so realised by the Group from the banks but yet to be collected by the financial institution from the Group's customers.

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**iii) Terms of Long term borrowing**

Name of Bank/Financial institution	Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
HDFC (Term loan) - 1	Amount (₹ million)	197.12	269.07	321.70
	Interest rate	0.50% above one year MCLR of HDFC Bank	1 Year MCLR + 185 bps	11%(linked to HDFC bank's 1 year MCLR))
	Security	1. First pari passu charge on entire movable & immovable fixed assets of the company 2. Second pari passu charge on current assets (present and future) of the company		
	Repayment schedule	Quarterly Installments 4 Installment for Rs 22.24 million(Total Rs 88.96) 4 Installment for Rs 26.69 million (Total Rs 106.75 million)	Quarterly Installments 4 Installment for Rs 17.79 million total amounting Rs. 71.17 million 4 Installment for Rs 22.24 million(Total Rs 88.96) 4 Installment for Rs 26.69 million (Total Rs 106.75 million)	Quarterly Installments 4 Installments of Rs. 13.34 million total amounting Rs. 53.37 million 4 Installment for Rs 17.79 million total amounting Rs. 71.17 million 4 Installment for Rs 22.24 million(Total Rs 88.96) 4 Installment for Rs 26.69 million (Total Rs 106.75 million)
HDFC (Term loan) - 2	Amount (₹ million)	776.72	989.56	302.43
	Interest rate	0.50% above one year MCLR of HDFC Bank	1 Year MCLR + 185 bps	1 year MCLR+100 bps
	Security	1. First pari passu charge on entire movable & immovable fixed assets of company 2. Second pari passu charge on current assets (present and future) of company		
	Repayment schedule	Quarterly 11 installments of Rs. 70.15 each total amounting Rs 771.60 million	Quarterly 14 Installment for Rs 70.15 million each (Total Rs 982.04 million )	Quarterly 14 installments of Rs. 21.509 million each total amounting Rs. 301.12 million
HDFC (Term loan) - 3	Amount (₹ million)	688.03	424.56	-
	Interest rate	0.85% above one year MCLR of HDFC Bank	0.85% above one year MCLR of HDFC Bank	-
	Security	1. First pari passu charge on entire movable & immovable fixed assets of the company 2. Second pari passu charge on current assets (present and future) of the company		
	Repayment schedule	Quarterly 18 Installment for Rs 37.96 million each starting from 01st October 2021 (Total Rs 683.28 million )	Quarterly 18 Installment for Rs 23.41 million each starting from 01st October 2021, (total amounting Rs 421.44)	-
HDFC (Term loan) - 4	Amount (₹ million)	458.18	-	-
	Interest rate	0.20% above six month MCLR of HDFC Bank	-	-
	Security	1. Movable Fixed assets: First pari-passu charge on the entire movable fixed assets, present and future of the Company 2. Immovable Fixed assets: First paripassu charge on the immoveable fixed assets situated at Gurgaon. 3.Current Assets: Second paripassu charge on entire current assets of the Company, both present and future		
	Repayment schedule	Quarterly 16 Installment for Rs 28.48 million each starting from 23rd December 2022 (Total amounting Rs 455.73 million )	-	-
Citi Bank (Term loan)	Amount (₹ million)	377.31	500.00	-
	Interest rate	3 Months T-Bill Rate +3.67%	3 Months T-Bill Rate +3.67%	-
	Security	1. First pari passu charge on entire fixed assets of company excluding immovable fixed assets situated at Pune. 2. Second pari passu charge on entire current assets of the company		
	Repayment schedule	Quarterly Instalments 12 Installments of Rs 31.25 million each total amounting Rs. 375.00 million	Quarterly Installments 16 Installments of Rs 31.25 million each total amounting Rs. 500 million	-



**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*

Name of Bank/Financial institution	Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
State Bank of India	Amount (₹ million)	-	-	25.19
	Interest rate	-	-	2.75% above MCLR (1 yr) ie. 10.75% p.a.
	Security	-	-	First Pari Passu charge on all Fixed as along with their other collateral securi Second Pari Passu charge on Current
	Repayment schedule	-	-	Quarterly Installments 2 Installments of Rs 12.5 million (Total Rs 25 million)
Hero Fincorp - Term Loan	Amount (₹ million)	-	-	225.98
	Interest rate	-	-	HFCL bench mark rate+ 0.25% ie. 11.65% + 0.15%
	Security	-	-	First Pari Passu charge on entire Fixed assets both present and future of the company excluding those which have been exclusively charged to specific lenders valued at Rs 123.31 cr as per projected BS as on 31.3.2016.The min collateral coverage to be between 1.1 x for FY 2016-17 and 1.2 x from FY2017-18 onwards till loan closure Second Pari Passu charge on entire
	Repayment schedule	-	-	Quarterly Installments 10 Installments of Rs 22.5 million (Total Rs 225 million)
Tata Capital Limited	Amount (₹ million)	-	-	73.65
	Interest rate	-	-	Long term lending rate of TATA minus 7.25% (min 10.5%)
	Security	-	-	First Pari Passu charge on entire movable Fixed assets (both present and future)  First Part passu charge over the immovable property of the borrower situated at Gurgaon Second Pari Passu charge on Current assets (both Present &Future)
	Repayment schedule	-	-	Quarterly 2 Installment for Rs 20 milion(Total Rs 40million) 1 Installment for Rs 33. 33 million

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**Terms of Long term borrowing (continued)**

Name of Bank/Financial institution	Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Yes Bank (Vehicle loan)	Amount (₹ million)	3.01	3.62	4.36
	Interest rate	Interest ranging from 8.39% 9.61%	Interest ranging from 8.39% 9.61%	Interest ranging from 8.39% 9.61%
	Security	Vehicle	Vehicle	Vehicle
	Repayment schedule	Monthly installment ranging from 19~28 EMI's and amount ranging from Rs 12,236 ~ Rs 37,752.	32 Installments of Rs 22,218 each (Total Rs 717,376) 32 Installments of Rs 12,236 each (Total Rs 391,552) 25 Installments of Rs 24,029 each (Total Rs 600,725) 31 Installments of Rs 14,888 each (Total Rs 461,528) 33 Installments of Rs 14,305 each (Total Rs 472,065) 24 Installments of Rs 37,752 each (Total Rs 906,048) 31 Installments of Rs 24,829 each (Total Rs 769,699)	44 Installments of Rs 22,218 each (Total Rs 986,392) 44 Installments of Rs 12,236 each (Total Rs 538,384) 37 Installments of Rs 24,029 each (Total Rs 889,073) 43 Installments of Rs 14,888 each (Total Rs 640,184) 45 Installments of Rs 14,305 each (Total Rs 643,725) 36 Installments of Rs 37,752 each (Total Rs 1,359,072) 31 Installments of Rs 24,829 each (Total Rs 769,699)
HDFC (Vehicle loan)	Amount (₹ million)	5.11	6.87	3.66
	Interest rate	Interest ranging from 7.75% to 9%	Interest ranging from 7.75% to 9%	Interest ranging from 7.75% to 9%
	Security	Vehicle	Vehicle	Vehicle
	Repayment schedule	Monthly installment ranging from 32~47 EMI's and amount ranging from Rs 10,455 ~ Rs 77,150.	46 Installments for Rs 77150 (Total Rs 3,548,900) 32 Installments of Rs 60,401 each (Total amount Rs 1,932,832) 41 Installments of Rs 30,622 each (Total amount Rs 1255502) 56 Installments of Rs 10,455 each (Total amount Rs 585,480)	46 Installments for Rs 77150 (Total Rs 3,548,900) 32 Installments of Rs 60,401 each (Total amount Rs 1,932,832) 41 Installments of Rs 30,622 each (Total amount Rs 1255502) 56 Installments of Rs 10,455 each (Total amount Rs 585,480)
Term Loan A from Axis Bank (Pertaining to discontinued operations)	Amount (₹ million) *	-	-	374.69
	Amount (foreign currency)	-	-	Euro 5 million less transaction cost Euro 0.20 million
	Interest rate	-	-	6 months Euro LIBOR plus 5.00%
	Security	-	-	Secured by assignment of existing and estate fixed assets and inventories of progress and finished goods, arranger etc., assignment of existing and future receivables
	Repayment schedule	-	-	Repayable fully in March 2023
Term Loan B from Axis Bank (Pertaining to discontinued operations)	Amount (₹ million) *	-	-	365.83
	Amount (foreign currency)	-	-	Euro 5 million less transaction Cost Euro 0.29 million
	Interest rate	-	-	3 months Euro LIBOR plus 2.50% (if property event happens @2.5%)
	Security	-	-	Secured by assignment of existing and estate fixed assets and inventories of progress and finished goods, arranger etc., assignment of existing and future receivables
	Repayment schedule	-	-	Repayable fully in March 2023
Working Capital (Revolver Loan) from Axis Bank (Pertaining to discontinued operations)	Amount (₹ million) *	-	-	-
	Amount (foreign currency)	-	-	-
	Interest rate	-	-	3 months Euro LIBOR plus 2.50%
	Security	-	-	Secured by assignment of existing and estate fixed assets and inventories of progress and finished goods, arranger etc., assignment of existing and future receivables
	Repayment schedule	-	-	Expiry in 2022-23
Deferred payment liabilities	Amount (₹ million)	20.13	31.54	113.96

\* Inclusive of interest accrued

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**Terms of short term borrowing (continued)**

Name of Bank/Financial institution	Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
State Bank Of India New Delhi-EPC	Amount (₹ million)	0	41.57	346.32
	Interest rate	MCLR(1yr)+55 bps(5.6%-6.05%)	MCLR(1yr)+55 bps(5.6%-6.05%)	As mutually agreed(5.5%-6.05%)
	Security	First pari passu on the entire (present & future) current assets of the Company, Second charge is on all fixed assets of the company		
	Repayment schedule	Repayable on demand	Repayable on demand	Repayable on demand
State Bank Of India New Delhi-CC	Amount (₹ million)	39.56	-	20.34
	Interest rate	MCLR(1yr)+85 bps		MCLR(1yr)+85 bps(9.35%-9.8%)
	Security	First pari passu on the entire (present & future) current assets of the Company, Second on all fixed assets of the company	-	First pari passu on the entire (present & future) current assets of the Company, Second on all fixed assets of the company
	Repayment schedule	Repayable on demand	-	Repayable on demand
Citi Bank-EPC	Amount (₹ million)	143.58	-	-
	Interest rate	Mutually agreed 6.5%/3.5% (before/after interest subvention)	-	
	Security	First pari passu on the entire (present & future) current assets of the Company, Second on all movable fixed assets of the company and immovable property	-	
	Repayment schedule	Repayable on demand	-	
IndusInd Bank-CC	Amount (₹ million)	(0.01)	68.08	0.89
	Interest rate	MCLR(1yr)+80 bps	MCLR(1yr)+80 bps(10.25%-10.5%)	Base Rate +1% (9.75%-10.5%)
	Security	First pari passu on all current assets of the company . Second on fixed assets(present & future) of the company	First pari passu on all current assets of the company . Second on fixed assets(present & future) of the company	First pari passu on all current assets of the company . Second on fixed assets(present & future) of the company
	Repayment schedule	Repayable on demand		
HDFC Bank -CC	Amount (₹ million)	13.12	255.27	21.54
	Interest rate	MCLR(1yr)+130 bps	MCLR(1yr)+130 bps(9.60-9.65%)	1 year MCLR (9.45%-9.65%)
	Security	First pari passu on all current assets of the company . Second on fixed assets(present & future) of the company		
	Repayment schedule	Repayable on demand	Repayable on demand	Repayable on demand
HDFC Bank -EPC 1	Amount (₹ million)	336.01	121.09	
	Interest rate	As mutually agreed 4.3%/7.3% (before/after interest subvention)	8.5%-3%=5.85%	
	Security	First pari passu on all current assets of the company . Second on fixed assets(present & future) of the company		
	Repayment schedule	Repayable on demand	Repayable on demand	

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**Terms of short term borrowing (continued)**

Name of Bank/Financial institution	Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Yes Bank-CC	Amount (₹ million)	0.00	59.03	1.61
	Interest rate	3 months MCLR + 60% p.a (7.5%-9.8%)	3 months MCLR + 60% p.a (9.8%-10.5%)	3 months MCLR + 60% p.a (9.80%-10.35%)
	Security	First pari passu on the entire (present & future) current assets of the Company, Second on all movable fixed assets of the company and immovable property of gurgaon plant only.		
	Repayment schedule	Repayable on demand	Repayable on demand	Repayable on demand
Tata Capital loan-Financial Institution	Amount (₹ million)	102.94	-	-
	Interest rate	The interest rate agreed with customer is 0.45% for 30 days credit period (current effective rate is 5.48% p.a.).	-	-
	Security	Trade receivables against corresponding loan	-	-
	Repayment schedule	-	-	-

**(iv) Assets pledged as security for borrowings**
**(a) Assets pledged by Parent Company**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<i>First charge</i>			
<b>Non-current</b>			
Non financial assets	2,631.52	2,138.42	2,022.98
<b>Current</b>			
Financial assets	2,478.63	1,334.39	1,520.98
Non financial assets	997.69	614.14	677.84

**(b) Assets pledged by subsidiary company (Sona Holding B.V. The Netherlands) (refer note 49)**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<i>First charge</i>			
<b>Non-current</b>			
Non financial assets	-	-	2,833.48

**(c) Assets pledged by subsidiary company (Comstar Automotive Technologies Private Limited)**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<i>First charge</i>			
<b>Current</b>			
Financial assets	1,507.81	1,790.00	-
Non financial assets	1,567.33	1,134.00	-

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
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**(v) Reconciliation of liabilities arising from financing activities (as per requirements of Ind AS 7 'Statement of cashflows')**

The changes of the Group's liabilities arising from financing activities can be classified as follows:

	Long term borrowings	Short term borrowings	Leases	Total
<b>Balance as at 1 April 2018</b>	<b>1,258.72</b>	<b>349.51</b>	<b>173.66</b>	<b>1,779.89</b>
<b>Cash flows:</b>				
Proceeds from non-current borrowings	343.18	-	-	343.18
Repayment of non-current borrowings	(534.76)	-	-	(534.76)
Proceeds from current borrowings (net)	-	39.59	-	39.59
Repayment of Deferred payment liabilities	(1.57)	-	-	(1.57)
Repayment of lease liabilities	-	-	(23.31)	(23.31)
<b>Non-cash changes:</b>				
Amortisation of transaction cost based on effective interest rate	0.61	-	-	0.61
Interest expense on lease liabilities	-	-	17.44	17.44
Creation of lease liabilities under Ind AS 116	-	-	13.11	13.11
Unwinding of discount on deferred payment liabilities	4.76	-	-	4.76
<b>Balance as at 31 March 2019</b>	<b>1,070.94</b>	<b>389.10</b>	<b>180.90</b>	<b>1,640.94</b>
<b>Cash Flows:</b>				
Repayment of non-current borrowings	(373.66)	-	-	(373.66)
Proceeds from non-current borrowings	1,607.55	-	-	1,607.55
Proceeds from current borrowings (net)	-	256.99	-	256.99
Acquired through business combination (net) (refer note 55)	-	200.00	-	200.00
Repayment of Deferred payment liabilities	(86.44)	-	-	(86.44)
Repayment of lease liabilities	-	-	(56.88)	(56.88)
<b>Non-cash changes:</b>				
Amortisation of transaction cost based on effective interest rate	(0.68)	-	-	(0.68)
Interest expense on lease liabilities	-	-	42.67	42.67
Creation of lease liabilities under Ind AS 116	-	-	441.13	441.13
Terminated during the year	-	-	(3.76)	(3.76)
Unwinding of discount on deferred payment liabilities	4.02	-	-	4.02
<b>Balance as at 31 March 2020</b>	<b>2,221.73</b>	<b>846.09</b>	<b>604.06</b>	<b>3,671.88</b>
<b>Cash Flows:</b>				
Repayment of non-current borrowings	717.57	-	-	717.57
Proceeds from non-current borrowings	(407.97)	-	-	(407.97)
Proceeds from current borrowings (net)	-	298.90	-	298.90
Repayment of Deferred payment liabilities	(12.47)	-	-	(12.47)
Repayment of lease liabilities	-	-	(91.34)	(91.34)
<b>Non-cash changes</b>				
Amortisation of transaction cost based on effective interest rate	(2.32)	-	-	(2.32)
Interest expense on lease liabilities	-	-	73.37	73.37
Creation of lease liabilities under Ind AS 116	-	-	239.33	239.33
Unwinding of discount on deferred payment liabilities	1.07	-	-	1.07
<b>Balance as at 31 March 2021</b>	<b>2,517.61</b>	<b>1,144.99</b>	<b>825.42</b>	<b>4,488.02</b>

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*

19	<b>Lease liabilities</b>	As at	As at	As at
		31 March 2021	31 March 2020	31 March 2019
	<b>Non-current</b>			
	Lease liabilities (refer note 47)	720.15	532.33	156.84
		<b>720.15</b>	<b>532.33</b>	<b>156.84</b>
	<b>Current</b>			
	Lease liabilities (refer note 47)	105.27	71.73	24.06
		<b>105.27</b>	<b>71.73</b>	<b>24.06</b>
20	<b>Other financial liabilities</b>	As at	As at	As at
		31 March 2021	31 March 2020	31 March 2019
	<b>Non current</b>			
	Security deposits	1.24	1.24	1.24
	<b>Total other financial liabilities - non current</b>	<b>1.24</b>	<b>1.24</b>	<b>1.24</b>
	<b>Current</b>			
	Current maturities of long-term borrowings (refer note 18)	573.89	409.06	243.77
	Current maturities of deferred payment liabilities (refer note 18)	20.64	31.54	86.69
	Interest accrued and due on borrowings (refer note 18)	16.07	12.91	7.41
	Employee benefits payable	55.81	95.80	61.90
	Capital creditors	131.92	98.83	621.57
	Forward contract payables	-	226.15	-
	Other payables	30.46	48.36	6.10
	<b>Total other financial liabilities - current</b>	<b>828.79</b>	<b>922.65</b>	<b>1,027.44</b>
21	<b>Provisions</b>	As at	As at	As at
		31 March 2021	31 March 2020	31 March 2019
	<b>Non current</b>			
	Provision for compensated absences	73.58	43.78	23.82
	Provision for defined benefit plans (gratuity) (refer note 42)	2.70	14.00	-
	Provision for warranty	10.50	9.00	-
	<b>Total provisions - non current</b>	<b>86.78</b>	<b>66.78</b>	<b>23.82</b>
	<b>Current</b>			
	Provision for defined benefit plans (gratuity)(refer note 42)	26.29	16.94	1.43
	Provision for compensated absences	27.66	16.12	14.33
	Provision for warranty	18.74	18.00	-
	<b>Total provisions - current</b>	<b>72.69</b>	<b>51.06</b>	<b>15.76</b>
<b>The reconciliation of the carrying amount of provision from beginning of the year to end of the year is provided below:</b>				
		31 March 2021	31 March 2020	31 March 2019
	<b>Provision for warranty</b>			
	Opening balance	27.00	-	54.99
	Foreign currency translation adjustment	-	-	(1.83)
	Acquired through business combination (refer note 55)	-	45.00	-
	Additions	12.03	9.00	85.49
	Amounts utilised	(9.79)	(27.00)	(7.11)
	Liability directly attributable to asset held for sale (refer note 49)	-	-	(121.75)
	Reversals	-	-	(9.79)
	<b>Closing balance</b>	<b>29.24</b>	<b>27.00</b>	<b>-</b>
	<b>Other contractual costs</b>			
	Opening balance	-	-	73.93
	Foreign current translation adjustment	-	-	(2.31)
	Additions	-	-	80.91
	Amounts utilised	-	-	(5.83)
	Liability directly attributable to asset held for sale (refer note 49)	-	-	(146.70)
	<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Others provisions</b>			
	Opening balance	-	-	80.12
	Foreign current translation adjustment	-	-	(2.56)
	Additions	-	-	118.75
	Amounts utilised	-	-	(104.46)
	Liability directly attributable to asset held for sale (refer note 49)	-	-	(91.85)
	Reversals	-	-	-
	<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*

	31 March 2021	31 March 2020	31 March 2019
<b>Litigation risks</b>			
Opening balance	-	-	330.42
Acquired through business combination (refer note 55)	-	3.00	-
Foreign current translation adjustment	-	-	(10.49)
Additions	-	-	-
Amounts utilised	-	(3.00)	(23.32)
Liability directly attributable to asset held for sale (refer note 49)	-	-	(296.61)
<b>Closing balance</b>	-	-	-
<b>De-commissioning obligations</b>			
Opening balance	-	-	159.91
Additions	-	-	-
Amounts utilised	-	-	(159.91)
<b>Closing balance</b>	-	-	-
<b>Employee compensation and benefits and others</b>			
Opening balance	-	-	302.18
Utilisations	-	-	(302.18)
Amounts utilised	-	-	-
<b>Closing balance</b>	-	-	-

**Notes:**

a) Provisions for product warranties and product defects primarily include provisions for warranty, product liability and punitive damages.

b) Provisions for other contractual costs represent expected losses from contracts in progress

c) The provisions for decommissioning obligations consists of an obligation to remove a building on leased land.

d) The provision for litigation risks were mainly recorded for an antitrust proceedings and personnel-related litigations.

e) Other provision for employee benefits includes provisions for employee compensation and benefit cost represents employment anniversary bonuses, Christmas bonuses and severance pay. It also includes obligations for partial retirement agreements.

f) The Group permits encashment of compensated absences accumulated by their employees on retirement, separation and during the course of service. The liability in respect of the Group, for outstanding balance of privilege leave at the balance sheet date is determined and provided on the basis of actuarial valuation performed by an independent actuary. The Group does not maintain any plan assets to fund its obligation towards compensated absences.

**22 Deferred tax liabilities (net)**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>Deferred tax liabilities</b>			
Property, plant and equipment and intangible assets	1,293.73	1,094.43	126.20
R&D expense capitalised in books allowed as expenditure per Income Tax	-	69.00	-
Inventories	-	-	-
Others	9.55	4.03	3.60
Foreign currency forward contracts	16.98	-	-
<b>Total deferred tax liabilities</b>	<b>1,320.26</b>	<b>1,167.46</b>	<b>129.80</b>
<b>Deferred tax assets</b>			
Property, plant and equipment and intangible assets	-	-	-
Expenditure allowed for tax purposes on payment basis	20.45	13.51	15.25
Provision for employee benefits obligation	19.23	18.00	-
Foreign currency forward contracts	-	31.00	-
Others	20.36	28.24	4.00
<b>Total deferred tax assets</b>	<b>60.04</b>	<b>90.75</b>	<b>19.25</b>
<b>Net deferred tax liabilities</b>	<b>1,260.22</b>	<b>1,076.71</b>	<b>110.55</b>

**a) Movement in deferred tax assets/liabilities**

	31 March 2021	31 March 2020	31 March 2019
<b>Movement in deferred tax liabilities</b>			
<b>Property, plant and equipment and intangible assets</b>			
Opening balance	1,094.43	126.20	333.69
Acquired through business combination (refer note 55)	-	1,027.94	-
Charged/(credited):			
- to profit or loss	199.30	(64.40)	77.03
- to directly in equity	-	4.69	-
Foreign currency translation adjustment	-	-	(8.21)
Deferred tax asset directly attributable to asset held for sale (refer note 49)	-	-	(276.31)
<b>Closing balance</b>	<b>1,293.73</b>	<b>1,094.43</b>	<b>126.20</b>
<b>Foreign currency forward contracts</b>			
Opening balance	(31.00)	-	-
Acquired through business combination (refer note 55)	-	(1.00)	-
Charged/(credited):			
- to profit or loss	47.98	(30.00)	-
<b>Closing balance</b>	<b>16.98</b>	<b>(31.00)</b>	<b>-</b>

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*

<b>Movement in deferred tax liabilities</b>	<b>31 March 2021</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>R&amp;D expense capitalised in books allowed as expenditure per Income Tax</b>			
Opening balance	69.00	-	-
Charged/(credited):			
- to profit or loss	(69.00)	69.00	-
<b>Closing balance</b>	<b>-</b>	<b>69.00</b>	<b>-</b>
<b>Inventory</b>			
Opening balance	-	-	-
Acquired through business combination (refer note 55)	-	62.86	-
Charged/(credited):			
- to profit or loss	-	(62.86)	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other</b>			
Opening balance	(55.72)	(15.63)	(505.54)
Acquired through business combination (refer note 55)	-	(29.00)	-
Charged/(credited):			
- to profit or loss	4.01	(10.03)	(46.59)
- to other comprehensive income	1.22	3.57	(0.36)
- directly in equity	-	(4.63)	-
Foreign currency translation adjustment	-	-	9.85
Deferred tax asset directly attributable to asset held for sale (refer note 49)	-	-	527.01
<b>Closing balance</b>	<b>(50.49)</b>	<b>(55.72)</b>	<b>(15.63)</b>
	<b>1,260.22</b>	<b>1,076.71</b>	<b>110.55</b>

Deferred tax assets amounting to ₹ 82.62 million as at 31 March 2021 (31 March 2020: ₹ 77.84 million) on fair value adjustment recognised in respect of investments held in Sona Holding B.V. The Netherlands has not been recognised due to uncertainty regarding the allowability of such loss.

**23 Trade payables**

	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
<b>Trade payables</b>			
- micro enterprises and small enterprises (refer to note 45)	495.83	166.99	76.77
- other than micro enterprises and small enterprises	1,745.26	995.26	615.44
<b>Total Trade payables</b>	<b>2,241.09</b>	<b>1,162.25</b>	<b>692.21</b>

Note:

(i) Refer note 40 for balance payable to related parties

**24 Current liabilities**

	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Statutory dues payable	79.11	57.30	77.24
Advance from customers	91.66	53.05	43.69
<b>Total current liabilities</b>	<b>170.77</b>	<b>110.35</b>	<b>120.93</b>

**25 Current tax liabilities**

	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
Income tax liabilities (net)	170.29	118.00	0.71
<b>Total current tax liabilities</b>	<b>170.29</b>	<b>118.00</b>	<b>0.71</b>

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**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*

<b>26</b>	<b>Revenue from operations</b>			
		<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
	Sale of goods	14,889.34	10,030.10	6,588.75
	Service income	4.75	-	-
	<b>Other operating revenue</b>			
	Scrap sales	237.46	140.94	226.22
	Export incentive	133.29	171.78	104.54
	Tooling income	23.56	-	-
	Liabilities written back	-	18.00	4.62
	Foreign exchange gain (net)	357.34	-	68.07
	Royalty income	16.41	7.00	-
	Others	0.85	12.00	-
	<b>Total revenue from operations</b>	<b>15,663.00</b>	<b>10,379.82</b>	<b>6,992.20</b>
<b>27</b>	<b>Other income</b>			
		<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
	Interest income	21.97	19.91	27.23
	Profit on sale of investments at fair value (net)	-	18.00	-
	Other non- operating income	1.45	19.92	5.58
	<b>Total other income</b>	<b>23.41</b>	<b>57.83</b>	<b>32.81</b>
<b>28</b>	<b>Changes in inventories of finished goods and work-in-progress</b>			
		<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
	<b>Inventories at the beginning of the year</b>			
	<b>Continuing operations</b>			
	Work-in-progress	163.30	149.68	227.66
	Finished goods	895.18	181.58	225.79
	<b>Discontinued operations</b>			
	Work-in-progress	-	-	1,366.61
	Finished goods	-	-	312.56
		<b>1,058.48</b>	<b>331.26</b>	<b>2,132.62</b>
	<b>Inventories at the end of the year</b>			
	<b>Continuing operations</b>			
	Work-in-progress	268.18	163.30	149.68
	Finished goods	1,431.97	895.18	181.58
	<b>Discontinued operations</b>			
	Work-in-progress	-	-	1,342.21
	Finished goods	-	-	370.12
		<b>1,700.15</b>	<b>1,058.48</b>	<b>2,043.59</b>
	<b>Changes in inventories (A)</b>	<b>(641.68)</b>	<b>(727.22)</b>	<b>89.03</b>
	<b>Adjustment:</b>			
	<b>Acquisition of subsidiary</b>			
	Work-in-progress	-	19.00	-
	Finished goods	-	740.00	-
	<b>Total (B)</b>	<b>-</b>	<b>759.00</b>	<b>-</b>
	<b>Effect of changes in foreign exchange rates relating to discontinued operations (C)</b>	<b>-</b>	<b>-</b>	<b>(57.11)</b>
	<b>Transferred to discontinued operations (D) (refer note 49)</b>	<b>-</b>	<b>-</b>	<b>(90.27)</b>
	<b>Total changes in inventories for continuing operations (A+B+C-D)</b>	<b>(641.68)</b>	<b>31.78</b>	<b>122.19</b>
<b>29</b>	<b>Employee benefits expense</b>			
		<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
	Salaries, wages and allowances	1,217.36	863.76	380.05
	Contribution to provident and other funds (refer note 42)	79.86	70.97	42.34
	Staff welfare expenses	131.90	92.57	67.65
	Share based payment to employees (refer note 53)	45.37	-	-
	<b>Total employee benefits expense</b>	<b>1,474.49</b>	<b>1,027.30</b>	<b>490.04</b>

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*

<b>30 Finance costs</b>	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
Interest on loans	213.06	177.35	134.07
Other borrowing costs	5.12	6.33	8.08
Bank and other finance charges	16.59	23.40	18.04
Interest on lease liabilities (refer note 47)	73.37	42.67	17.44
Interest expenses on others	17.01	10.00	-
<b>Total finance costs</b>	<b>325.15</b>	<b>259.75</b>	<b>177.63</b>

<b>31 Depreciation and amortisation expense</b>	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
Depreciation of property, plant and equipment	555.25	404.59	279.98
Amortisation of intangible assets	344.44	221.45	13.56
Amortisation of right-of-use assets	71.78	45.16	16.03
Less: Capitalised development expenditure	(2.07)	-	-
<b>Total depreciation and amortisation expense</b>	<b>969.40</b>	<b>671.20</b>	<b>309.57</b>

<b>32 Other expenses</b>	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
Consumption of stores, spares and tool	664.06	392.07	481.18
Power and fuel	390.89	315.72	393.15
Freight, clearing and forwarding charges	287.02	165.46	112.46
Packing material	198.47	99.41	81.81
Sub contracting cost	592.81	483.76	651.75
Rent (refer note 47)	21.15	18.63	27.80
Repairs and maintenance - plant and machinery	248.90	163.86	136.69
Repair and maintenance - buildings	19.16	7.39	16.08
Repair and maintenance - others	121.58	78.69	26.19
Manpower hiring on contract	287.72	169.35	200.92
Legal and professional charges	152.43	208.03	163.43
Rates and taxes	9.09	13.51	8.80
Insurance	35.06	21.81	9.70
Travelling, conveyance and vehicle expenses	90.53	96.79	70.02
Communication and stationery expenses	17.02	16.31	17.78
Security charges	16.28	13.41	13.34
Corporate social responsibility expense (refer note below and note 61)	53.95	16.79	16.10
Business promotion	9.14	13.04	6.23
Sales commission	-	5.00	-
Foreign exchange loss (net)	-	126.56	-
Directors sitting fees	27.01	19.74	1.42
Loss on sale of fixed assets (net)	2.92	5.25	3.67
Bad debts written off	0.16	-	-
Advances written off	1.27	-	-
Provision for other receivables	0.87	-	-
Miscellaneous expenses	77.76	23.17	13.19
<b>Total other expenses</b>	<b>3,325.25</b>	<b>2,473.75</b>	<b>2,451.71</b>

<b>Note: Corporate social responsibility expenditure</b>	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
<b>Gross amount required to be spent by the Group during the period/year as per Section 135 of the Act</b>	<b>53.95</b>	<b>47.99</b>	<b>16.54</b>
Amount spent during the year on:			
(i) Construction/acquisition of an asset	-	-	-
(ii) On purposes other than (i) above	39.56	16.79	16.10
	<b>39.56</b>	<b>16.79</b>	<b>16.10</b>
<b>Amount yet to be spent</b>	<b>14.39</b>	<b>31.20</b>	<b>0.44</b>

<b>33 Exceptional item</b>	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>	<b>For the year ended 31 March 2019</b>
Gain on loss of control over a subsidiary company (refer note 49)	-	(2,320.53)	-
Expenditure incurred for listing and offer for sale of shares (refer note 59)	139.06	-	-
	<b>139.06</b>	<b>(2,320.53)</b>	<b>-</b>

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**34 Income tax expense**

	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Current tax	666.02	365.04	471.52
Deferred tax charge/(credit)	182.29	(98.29)	74.97
<b>Total Income Tax expense</b>	<b>848.31</b>	<b>266.75</b>	<b>546.49</b>

**a) The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:**

	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Profit before income tax expense</b>	<b>2,999.96</b>	<b>3,870.18</b>	<b>1,547.63</b>
<b>Income tax as per statement of profit and loss</b>	<b>848.31</b>	<b>266.75</b>	<b>546.49</b>
<b>Tax at the Indian tax rate of 25.167% (31 March 2020: 25.167%, 31 March 2019: 34.944%, 31 March 2018: 34.608%)</b>	<b>755.00</b>	<b>974.01</b>	<b>543.60</b>
Current tax related to previous years	-	5.97	5.17
Effect of non-deductible expenses	15.63	1.61	3.51
Income exempt from tax	-	-	(2.26)
Additional deduction as per the provisions of Income tax Act, 1961	-	-	(2.30)
Transaction cost of an equity transaction	-	1.02	-
Impact of gain on loss of control (non-taxable)	-	(584.03)	-
Tax effect of write off of investment in respect of which deferred tax asset was not recognised earlier	-	(102.60)	-
Difference in tax rate of subsidiary companies	75.28	(2.80)	-
Income taxable at a lower rate	(29.28)	-	-
Change in tax rate	-	(45.16)	-
Others	31.68	18.73	(1.23)
<b>Income tax expense (as per statement of profit and loss)</b>	<b>848.31</b>	<b>266.75</b>	<b>546.49</b>

The Taxation Laws (Amendment) Act, 2019 has amended the Income-tax Act, 1961 and Finance Act, 2019 to inter-alia provide an option to the Company to pay Income Tax at concessional rate of 22% plus applicable surcharge and cess, subject to certain specified conditions, as compared to the earlier rate of 30% plus applicable surcharge and cess for the assessment year 2020-21 onwards. The Indian entities within the Group have opted for the concessional tax rate during the year ended 31 March 2020 and accordingly remeasured deferred tax and current tax liability at such concessional rate.

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**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**35 Research and development expenses**

	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue expenditure charged to statement of profit and loss	137.38	69.91	10.52
Capital expenditure (including certain revenue expenditure based on allocations made by the Group)	777.65	224.22	-
<b>Total Research expenses</b>	<b>915.03</b>	<b>294.13</b>	<b>10.52</b>

**36 Fair value measurements**
**a) Financial instruments by category**

	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>									
Loans	-	-	72.84	-	-	55.71	-	-	23.33
Trade receivables	-	-	4,169.87	-	-	2,336.28	-	-	1,520.98
Cash and bank balances	-	-	275.75	-	-	1,672.93	-	-	256.06
Other financial assets	-	-	3.78	-	-	6.17	-	-	63.90
Investments	-	-	-	-	19.00	-	-	-	-
Derivative financial assets	147.87	-	-	-	-	-	6.47	-	-
<b>Total financial assets</b>	<b>147.87</b>	<b>-</b>	<b>4,522.24</b>	<b>-</b>	<b>19.00</b>	<b>4,071.09</b>	<b>6.47</b>	<b>-</b>	<b>1,864.27</b>
<b>Financial liabilities</b>									
Borrowings	-	-	3,662.60	-	-	3,067.82	-	-	1,460.04
Trade payables	-	-	2,241.09	-	-	1,162.25	-	-	692.21
Other financial liabilities	-	-	219.43	-	-	244.23	-	-	690.81
Lease liabilities	-	-	825.42	-	-	604.06	-	-	180.90
Derivative financial liabilities	-	-	-	226.15	-	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>6,948.54</b>	<b>226.15</b>	<b>-</b>	<b>5,078.36</b>	<b>-</b>	<b>-</b>	<b>3,023.96</b>

**(b) Fair value hierarchy**

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial investments into the three levels prescribed under the accounting standard. An explanation

**i) Assets and liabilities measured at fair value - recurring fair value measurements**

	Level 1	Level 2	Level 3	Total
<b>As at 31 March 2021</b>				
Foreign exchange forward contracts- asset	-	147.87	-	147.87
<b>Total financial assets</b>	<b>-</b>	<b>147.87</b>	<b>-</b>	<b>147.87</b>
<b>As at 31 March 2020</b>				
Foreign exchange forward contracts- liabilities	-	226.15	-	226.15
<b>Total financial liabilities</b>	<b>-</b>	<b>226.15</b>	<b>-</b>	<b>226.15</b>
Investments measured at fair value through other comprehensive income	-	-	19.00	19.00
<b>Total financial assets</b>	<b>-</b>	<b>-</b>	<b>19.00</b>	<b>19.00</b>
<b>As at 31 March 2019</b>				
Foreign exchange forward contracts- Asset	-	6.47	-	6.47
<b>Total financial assets</b>	<b>-</b>	<b>6.47</b>	<b>-</b>	<b>6.47</b>

**ii) Fair value of instruments measured at amortised cost**

	Level	As at 31 March 2021		As at 31 March 2020		As at 31 March 2019	
		Carrying value	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>							
Trade receivables	Level 3	4,169.87	4,169.87	2,336.28	2,336.28	1,520.98	1,520.98
Cash and bank balances	Level 3	275.75	275.75	1,672.93	1,672.93	256.06	256.06
Other financial assets	Level 3	3.78	3.78	6.17	6.17	63.90	63.90
Loans	Level 3	72.84	73.60	55.71	66.29	23.33	27.29
<b>Total financial assets</b>		<b>4,522.24</b>	<b>4,523.00</b>	<b>4,071.09</b>	<b>4,081.67</b>	<b>1,864.27</b>	<b>1,868.23</b>
<b>Financial liabilities</b>							
Borrowings	Level 3	3,662.60	3,662.60	3,067.82	3,067.82	1,460.04	1,460.04
Lease liabilities	Level 3	825.42	825.42	604.06	604.06	180.90	180.90
Trade payable	Level 3	2,241.09	2,241.09	1,162.25	1,162.25	692.21	692.21
Other financial liability	Level 3	235.49	235.49	244.23	244.23	690.80	690.80
<b>Total financial liabilities</b>		<b>6,964.60</b>	<b>6,964.60</b>	<b>5,078.36</b>	<b>5,078.36</b>	<b>3,023.95</b>	<b>3,023.95</b>

There are no transfers amongst levels during the year.

**Level 1:** It includes financial instruments measured using quoted prices in active markets for identical assets or liabilities.

**Level 2:** Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs other than Level 1 inputs; and

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**37 Financial risk management**

The Group's principal financial liabilities comprise loans and borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to provide finance to the Group to support its operations. The Group's principal financial assets include loans, trade and other receivables; cash and bank balances etc. that derive directly from its operations.

The Group's activities expose it to the financial risk of market risk, credit risk and liquidity risk. The Group enters into a certain derivative financial instrument to manage its exposure to foreign currency. There have been no major changes to the Group's exposure to market risk or the manner in which it manages and measures the risk in recent past. The Group's senior management oversees the management of these risks. The Group's senior management ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

**(A) Credit risk**

Credit risk is the risk that a customer or counterparty to a financial instrument fails to discharge an obligation to the Group. The Group's maximum exposure to credit risk is limited to the carrying amount of following types of financial assets.

- Cash and cash equivalents
- Trade receivables
- Loans carried at amortised cost, and
- Other financial assets
- Derivative financial assets

**(a) Credit Risk Management**
**(i) Credit risk rating**

The Group assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

- a) Low credit risk
- b) Moderate credit risk
- c) High credit risk

Based on business environment in which the Group operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Group. The Group continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

The Group provides for expected credit loss based on the following:

Asset group	Categorization of items	Provision for expenses credit loss
Low credit risk	Cash and cash balances, loans, other financial assets and derivative financial assets	12 month expected credit loss/life time expected credit loss
Moderate credit risk	Trade receivables	Other financial assets-12 month expected credit loss, unless credit risk has increased significantly since initial recognition, in which case allowance is measured at lifetime expected credit loss.
High credit risk	Other financial assets	Other financial assets-lifetime expected credit loss (when there is a significant deterioration), or specific provision, whichever is higher.

In respect of trade receivables that result from contracts with customers, loss allowance is always measured at lifetime expected credit losses.

**Financial assets that expose the entity to credit risk –**

Credit rating	Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Low credit risk	Loans	72.84	55.71	23.33
	Cash and bank balances	275.75	1,672.93	256.06
	Other financial assets	3.78	6.17	63.90
	Derivative financial assets	147.87	-	6.47
Moderate credit risk	Trade receivables	4,169.87	2,336.28	1,520.98

**Cash & cash equivalents and bank deposits**

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country. In respect of derivative assets, the credit risk is considered negligible as counterparties are banks.

**Trade receivables**

To mitigate the credit risk related to trade receivables, the Group closely monitors the credit-worthiness of the trade receivables through internal systems that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts. The Group assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred when amounts receivable become past due.

**Other financial assets measured at amortised cost**

Other financial assets measured at amortised cost includes security deposits, other receivables etc. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

**(b) Expected credit losses for financial assets (other than trade receivables)**
**i) Financial assets (other than trade receivables)**

Group provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses.

For cash & cash equivalents and other Bank balances - Since the Group deals with only High-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as low.

For loans comprising security deposits paid - Credit risk is considered low because the Group is in possession of the underlying asset.

For other financial assets - Credit risk is evaluated based on Group knowledge of the Credit worthiness of those parties and loss allowance is measured. Since this category includes loans and receivables of varied natures and purpose, there is no trend that the Group can draw to apply consistently to entire population. For such financial assets, the Group policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk. The Group does not have any expected loss based impairment recognised on such assets.

**ii) Expected credit loss for trade receivables under simplified approach**

The Group recognises lifetime expected credit losses on trade receivables using a simplified approach. In accordance with Ind AS 109, the Group uses expected credit loss model to assess the impairment loss. The Group uses a provision matrix to compute the expected credit loss allowance of trade receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, historical experience for customers etc. However, the allowance for lifetime expected credit loss on customer balances for the year ended 31 March 2021, and for the years ended 31 March 2020, 31 March 2019 and 31 March 2018 is insignificant.

**Ageing of trade receivables is as follows:**

	31 March 2021	31 March 2020	31 March 2019
Not due and due less than 6 months	4,129.44	2,333.48	1,517.42
due more than 6 months	40.43	2.80	3.56
	<b>4,169.87</b>	<b>2,336.28</b>	<b>1,520.98</b>

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**(B) Liquidity risk**

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at reasonable price. The Group's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Group closely monitors its liquidity position and maintains adequate source of financing through the use of short term bank deposits, demand loans and cash credit facility. Processes and policies related to such risks are overseen by senior management.

*(i) Maturities of financial liabilities*

The table below provides details regarding the contractual maturities of significant financial liabilities:

**Contractual maturities of financial liabilities: (undiscounted)**

	Less than 1 year	1 to 5 years	More than 5 years	Total
<b>31 March 2021</b>				
Borrowings	2,355.74	2,129.88	88.58	4,574.20
Trade payables	2,241.09	-	-	2,241.09
Other financial liabilities	219.43	-	-	219.43
Lease liabilities	105.27	447.68	911.61	1,464.55
<b>Total</b>	<b>4,921.53</b>	<b>2,577.56</b>	<b>1,000.19</b>	<b>8,499.27</b>

	Less than 1 year	1 to 5 years	1 to 5 years	Total
<b>31 March 2020</b>				
Borrowings	1,454.52	2,000.22	99.07	3,553.81
Trade payables	1,162.25	-	-	1,162.25
Other financial liabilities	244.25	-	-	244.25
Derivative financial liabilities	226.15	-	-	226.15
Lease liabilities	69.12	297.61	676.83	1,043.56
<b>Total</b>	<b>3,156.29</b>	<b>2,297.83</b>	<b>775.90</b>	<b>6,230.02</b>

<b>31 March 2019</b>				
Borrowings	726.97	740.51	-	1,467.48
Trade payables	692.21	-	-	692.21
Other financial liabilities	690.82	-	-	690.82
Lease liabilities	24.06	106.24	155.26	285.56
<b>Total</b>	<b>2,134.06</b>	<b>846.75</b>	<b>155.26</b>	<b>3,136.07</b>

Above schedule does not include maturity profile of Sona Holding B.V. The Netherlands, which has been classified under 'Liabilities of disposal group classified as held for sale' as at 31 March 2019

**(ii) Undrawn borrowing facilities**

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 March 2021	31 March 2020	31 March 2019
Expiring within one year (bank loans)	670.99	532.65	785.01
Expiring beyond one year (bank loans)	-	-	-

**(C) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings, deposits and foreign currency receivables and payables. The sensitivity of the relevant profit and loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities.

**(i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to risk of changes in borrowing rates. The Board continuously monitors the prevailing interest rates in the market.

**Interest rate risk exposure**

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	31 March 2021	31 March 2020	31 March 2019
Variable rate borrowings	3,634.40	3,025.79	1,338.09
Fixed rate borrowings	28.20	42.03	121.95
<b>Total borrowings</b>	<b>3,662.60</b>	<b>3,067.82</b>	<b>1,460.04</b>

**Sensitivity**

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Impact on profit after tax	31 March 2021	31 March 2020	31 March 2019
Interest rate (increase by 1.00% (31 March 2020: 0.5%, 31 March 2019: 0.5%)*	24.92	8.16	9.94
Interest rate (decrease by 1.00% (31 March 2020: 0.5%, 31 March 2019: 0.5%)*	(24.92)	(8.16)	(9.94)

\* Holding other variables constant

**(ii) Foreign currency risk**

The Parent company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the trade receivables and payables. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (₹).

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*(Figures in Million ₹, unless stated otherwise)*

The Parent Company's exposure to foreign currency risk at the end of the reporting period expressed as follows

Foreign currency	31 March 2021	31 March 2020	31 March 2019
<b>Trade receivables and others</b>			
United States Dollar (USD)	43.67	18.15	8.38
Euro (EUR)	0.54	0.44	0.12
RMB	8.49	5.03	-
Others	0.08	-	-
<b>Trade payables</b>			
United States Dollar (USD)	8.97	1.58	0.48
Euro (EUR)	0.30	0.46	0.36
Japanese Yen (JPY)	76.77	38.72	132.53
Canadian Dollar (CAD)^	0.00	0.00	0.00
Swiss Franc (CHF)	0.01	0.01	-
RMB	11.50	-	-
Others	2.76	0.05	-
^Rounded off to Nil			
<b>Indian Rupee (₹)</b>	<b>31 March 2021</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>Trade receivables and others</b>			
United States Dollar (USD)	3,192.88	1,373.82	579.69
Euro (EUR)	46.49	36.82	8.99
RMB	94.51	53.25	-
Others	0.65	-	-
<b>Trade payables</b>			
United States Dollar (USD)	655.47	119.39	33.22
Euro (EUR)	25.38	37.60	27.86
Japanese Yen (JPY)	50.76	26.96	82.70
Canadian Dollar (CAD)^	0.15	0.18	0.18
Swiss Franc (CHF)	0.57	0.80	-
RMB	128.11	-	-
Others	18.54	5.57	-
^Rounded off to Nil			
Outstanding forward contracts as at the reporting date (USD)	89.09	78.65	1.50
Outstanding forward contracts as at the reporting date (₹)	7,242.86	5,931.35	101.63

**Sensitivity**

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments:-

Impact on profit after tax	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Net currency receivables/(payables)</b>			
USD sensitivity			
₹/USD- increase by 1.00% (31 March 2020: 1.00%, 31 March 2019 1.00%)*	18.99	9.39	3.57
₹/USD- decrease by 1.00% (31 March 2020: 1.00%, 31 March 2019 1.00%)*	(18.99)	(9.39)	(3.57)
EUR sensitivity			
₹/EURO- increase by 1.00% (31 March 2020: 1.00%, 31 March 2019 1.00%)*	0.16	(0.02)	(0.12)
₹/EURO- decrease by 1.00% (31 March 2020: 1.00%, 31 March 2019 1.00%)*	(0.16)	0.02	0.12
JPY sensitivity			
₹/JPY- increase by 1.00% (31 March 2020: 1.00%, 31 March 2019 1.00%)*	(0.38)	(2.17)	(0.54)
₹/JPY- decrease by 1.00% (31 March 2020: 1.00%, 31 March 2019 1.00%)*	0.38	2.17	0.54
CAD sensitivity			
₹/CAD- increase by 1.00% (31 March 2020: 1.00%, 31 March 2019 1.00%)*	(0.00)	(0.01)	(0.00)
₹/CAD- decrease by 1.00% (31 March 2020: 1.00%, 31 March 2019 1.00%)*	0.00	0.01	0.00
RMB sensitivity			
₹/RMB- increase by 1.00% (31 March 2020: 1.00%, 31 March 2019 1.00%)*	(1.26)	5.32	-
₹/RMB- decrease by 1.00% (31 March 2020: 1.00%, 31 March 2019 1.00%)*	1.26	(5.32)	-
CHF sensitivity			
₹/CHF- increase by 1.00% (31 March 2020: 1.00%, 31 March 2019 1.00%)*	(0.00)	(0.01)	-
₹/CHF- decrease by 1.00% (31 March 2020: 1.00%, 31 March 2019 1.00%)*	0.00	0.01	-
* Holding other variables constant			

**38 Capital management**

For the purposes of the Group's capital management, capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Group's capital management is to ensure that it maintains an efficient capital structure and maximize shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using net debt to equity ratio, which is net debt (as reduced by cash and cash equivalent) divided by total equity.

	31 March 2021	31 March 2020	31 March 2019	31 March 2018
Long term borrowings including current maturities (refer note 18)	2,517.61	2,221.73	1,070.94	4,842.73
Short term borrowings (refer note 18)	1,144.99	846.09	389.10	349.51
Less: Cash and cash equivalents (refer note 14)	(249.48)	(1,049.85)	(1.94)	(264.01)
<b>Net debts *</b>	<b>3,413.12</b>	<b>2,017.97</b>	<b>1,458.10</b>	<b>4,928.23</b>
Equity share capital (refer note 16)	5,729.80	471.54	277.18	277.18
Instruments entirely equity in nature (refer note 16)	-	5.94	-	-
Other equity (refer note 17)	7,309.21	11,301.93	1,460.59	(275.41)
<b>Total equity (excluding compulsorily convertible preference shares)</b>	<b>13,039.01</b>	<b>11,779.41</b>	<b>1,737.77</b>	<b>1.77</b>
<b>Gearing ratio</b>	<b>26.18%</b>	<b>17.13%</b>	<b>83.91%</b>	<b>278274.70%</b>
* Excluding lease liabilities				

Dividends	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Equity share</b>				
Interim dividend	904.01	868.09	-	-
Special dividend	-	100.00	-	-
Dividend distribution tax on dividends paid	-	198.99	-	-
	<b>904.01</b>	<b>1,167.08</b>	<b>-</b>	<b>-</b>

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**39 Segment information**

The Group's operating business is organised and managed according to a single primary reportable business segment namely "Automotive Components".

**Information about geographical areas**

"The Group's revenue (from continuing operations) disaggregated by primary geographical markets is as follows:

	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Continuing operations</b>			
India	5,247.20	4,312.86	4,706.22
Outside India	9,642.14	5,717.24	1,882.53
<b>Total</b>	<b>14,889.34</b>	<b>10,030.10</b>	<b>6,588.75</b>

Revenue outside India	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
North America	4,756.10	3,441.33	1,648.96
Europe	3,708.34	2,047.45	123.30
China	1,129.64	220.06	109.24
Others	48.06	8.40	1.03
	<b>9,642.14</b>	<b>5,717.24</b>	<b>1,882.53</b>

Customers exceeding 10% of total revenue	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
No of customers exceeding 10% of total revenue	3	2	2
Total revenue of such customers (₹ million)	6,777.34	3,775.81	2,056.38

The Group's non-current assets (property, plant and equipment, right of use assets, capital work in progress, intangible assets and goodwill) are located into the following geographical regions:

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
India	11,685.15	10,147.38	3,044.23
Outside India *	1,312.94	1,400.74	-
<b>Total</b>	<b>12,998.09</b>	<b>11,548.12</b>	<b>3,044.23</b>

\*Non current assets of the discontinuing operations as at 31 March 2019 were disclosed as part of the disposal group and hence not included in above schedule

Carrying amount of non-current assets by location	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
North America	868.48	925.27	-
Others	444.46	475.47	-
	<b>1,312.94</b>	<b>1,400.74</b>	<b>-</b>

Non current assets of the discontinuing operations as at 31 March 2019 were disclosed as part of the disposal group and hence not included in above schedule

**40 Related party disclosures**

In accordance with the requirement of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures", name of the related parties, related party relationships, transactions and outstanding balances including commi and with whom transactions have taken place during the reported period are as follows:

**(a) Names of related parties and nature of relationship**
**(i) Entity exercising control of Group**

Singapore VII Topco III Pte Ltd. (with effect from 5 July 2019)

Sona Autocomp Holding Private Ltd. with ultimate control exercised by RK Family Trust (from 9 February 2018 till 4 July 2019)

Sona Autocomp Holding Private Ltd. with ultimate control exercised by Mrs. Rani Kapur (till 8 February 2018)

**(ii) Key Management Personnel**
**Name**

Mr. Sunjay Kapur  
Mr. Vadapalli Vikram Verma

Mr. Vivek Vikram Singh

Mr. Rohit Nanda  
Mr. Munish Sapra  
Mr. Raajesh Kumar Gupta  
Mr. Ajay Pratap Singh  
Mr. Tanay Gupta  
Mr. Hariprasath K  
Mr. Sat Mohan Gupta

**Non executive Directors**

Mrs. Rani Kapur  
Mr. Sunjay Kapur  
Mr. Juergen Ziegler  
Mrs. Bhaswati Mukherjee  
Mr. Prasan Abhaykumar Firodia  
Mr. Subbu Venkata Rama Behara  
Mrs Pallavi Joshi Bakhru  
Mr. Siddharth Pradip Kothari  
Mr. Amit Dixit  
Mr. Amit Jain  
Mr. Neeraj Mohan  
Mr. Ganesh Mani  
Mrs Shradha Suri  
Mr. Jeffrey Mark Overly

**Designation**

Managing Director (till 4 July 2019)  
Executive Director (till 4 July 2019)  
Chief Executive Officer of Parent Company  
President (Finance) & Group COO (till 4 July 2019)  
Managing Director & Group CEO (with effect from 5 July 2019)  
Group Chief Financial Officer (with effect from 11 April 2019)  
Chief Financial Officer (till 31 December 2018)  
Vice President (Legal) & Company Secretary (till 29 February 2020)  
Vice President (Legal) & Company Secretary (with effect from 24 February 2020)  
CEO- Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V. (with effect from 5 July 2019)  
Company Secretary - Comstar Automotive Technologies Private Limited (with effect from 5 July 2019)  
Chief Executive Officer and Director - Comstar Automotive Technologies Private Limited (with effect from 5 July 2019)

Chairperson (till 22 August 2019)  
Non-executive Chairman (with effect from 5 July 2019)  
Director (till 4 July 2019)  
Director (till 20 August 2019)  
Director (with effect from 5 July 2019)  
Independent director (with effect from 5 July 2019)  
Independent director (till 2 May 2020)  
Director (till 10 July 2019)  
Director (with effect from 5 July 2019)  
Director (with effect from 5 July 2019)  
Director (with effect from 5 July 2019)  
Director (with effect from 5 July 2019)  
Independent director (with effect from 5 August 2020)  
Independent Director (with effect from 12 February 2021)



**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**(iii) Entities over which key management personnel are able to exercise significant influence and with whom transactions have taken place during the year**

Sona Management Services Limited  
Sona Mandhira Private Limited (Previously known as Mandira Marketing Private Limited)  
Sona Charitable Trust  
SKAP Forging Private Limited

**(iv) The entity having substantial interest in the Group**

JM Financial Trustee Company Private Limited (till 4 July 2019)  
Sona Autocomp Holding Private Limited (with effect from 5 July 2019)

**(v) Associates**

Sona Skill Development Centre Limited (till 18 December 2018)

**(vi) Subsidiary companies**

Sona Holding B.V. The Netherlands (till 4 July 2019)  
Sona Autocomp Germany GmbH, Germany (till 4 July 2019)  
Sona Autocomp USA LLC, USA (till 4 July 2019)  
Sona BLW Präzisionsschmiede GmbH (till 4 July 2019)  
Sona BLW Precision Forging Inc, USA (till 4 July 2019)  
Sona BLW Kft, Hungary (till 4 July 2019)  
Sona BLW Driveline LLC (till 4 July 2019)  
Sona BLW-Hilfe GmbH, München, Germany (till 4 July 2019)  
Comstar Automotive Technologies Private Limited (with effect from 5 July 2019)  
Comstar Automotive Hongkong Limited (with effect from 5 July 2019)  
Comstar Automotive USA LLC (with effect from 5 July 2019)  
Comstar Automotive Technologies Services Private Limited (with effect from 5 July 2019)  
Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V (with effect from 5 July 2019)  
Comstar Automotive (Hangzhou) Co., Ltd (with effect from 5 July 2019)  
Comstar Hong Kong Mexico No. 1, LLC (with effect from 5 July 2019)  
Comestel Automotive Technologies Mexicana Ltd (with effect from 5 July 2019)  
Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V (with effect from 5 July 2019)  
Sona Comstar cDrive Private Limited (with effect from 12 November 2020)

**(vii) Ultimate holding Company**

BCP Topco I Pte Ltd.

**(b) Transactions with related parties :**
**(i) Entity exercising control**

Transactions	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Reimbursement of expenses</b>			
Sona Autocomp Holding Private Limited	-	0.80	0.30
<b>Dividend paid</b>			
Singapore VII Topco III Pte Ltd.	599.18	-	-
Sona Autocomp Holding Private Limited *	304.84	-	-
<b>Director sitting fee</b>			
Mrs. Rani Kapur	-	0.17	0.28
<b>Purchase of shares of Comstar Automotive Technologies Private Limited</b>			
Singapore VII Topco III Pte Ltd. (refer note 56)	-	8,293.31	-
<b>Purchase of shares of Comstar Automotive Hongkong Limited</b>			
Singapore VII Topco III Pte Ltd. (refer note 56)	-	227.27	-
<b>Sale of shares of Sona Holding B.V. The Netherlands</b>			
Sona Autocomp Holding Private Limited (refer note 49) *	-	1,399.50	-
<b>Sale of shares of Sona Skill Development Centre Limited</b>			
Sona Autocomp Holding Private Limited 8	-	-	7.51
<b>Loan received</b>			
Sona Autocomp Holding Private Limited 8	-	500.00	-
<b>Loan repaid</b>			
Sona Autocomp Holding Private Limited 8	-	500.00	-
<b>Interest on loan paid</b>			
Sona Autocomp Holding Private Limited 8	-	33.05	-
<b>Relinquishment of right of put option</b> (refer note 49 and 52)			
Sona Autocomp Holding Private Limited *	19.00	-	-

\*Sona Autocomp Holding Private Limited was exercising control till 4 July 2019

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**(ii) Key Management Personnel #**

Transactions	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Managerial remuneration</b>			
Mr. Sunjay Kapur	-	9.70	40.08
Mr. Vivek Vikram Singh	31.70	27.60	14.46
Mr. Vadapalli Vikram Verma	28.39	19.44	19.46
Mr. Rohit Nanda	26.13	18.48	-
Mr. Raajesh Kumar Gupta	1.30	10.07	10.21
Mr. Ajay Pratap Singh	6.74	0.52	-
Mr. Munish Sapra	-	-	8.48
Mr. Sat Mohan Gupta	24.41	15.67	-
Mr. Hariprasath K	1.31	1.56	-
Mr. Tanay Gupta	1.59	1.07	-
<b>Director Sitting Fee</b>			
Non-executive director	3.60	1.95	1.42
<b>Commission</b>			
Non-executive director	27.71	17.74	-

**(iii) Entities over which key management personnel are able to exercise significant influence and with whom transactions have taken place during the year/previous year**

Transactions	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Sale of goods</b>			
SKAP Forging Private Limited	-	-	0.05
JTEKT India Limited	-	-	-
Mandira Marketing Private Limited	0.14	2.53	5.18
Sona Management Services Limited	-	3.48	11.96
<b>Purchase of goods</b>			
Mandira Marketing Private Limited	-	-	0.88
JTEKT India Limited	-	-	-
Sona Management Services Limited	-	0.16	0.01
SKAP Forging Private Limited	-	-	0.12
<b>Sales of scrap</b>			
Mandira Marketing Private Limited	-	0.02	-
<b>Purchase of brands</b>			
Sona Management Services Limited (refer note 57)	-	-	650.00
<b>Services received</b>			
JTEKT India Limited	-	-	-
Sona Management Services Limited	-	-	68.16
SKAP Forging Private Limited	-	3.16	13.68
<b>Lease rent income</b>			
SKAP Forging Private Limited	-	-	0.13
<b>CSR payment</b>			
Sona Charitable Trust	-	1.00	1.26

**# Break- up of Key management personnel remuneration**

	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Short-term employee benefits (refer note below)	121.58	104.12	92.69

**Note**

- 1) Gratuity and leave encashment amounts accrued attributable to key management personnel cannot be separately determined and hence not included in transactions above
- 2) Share based payment to Key Managerial Personnel for the year ended 31 March 2021 is ₹ 29.11 million (31 March 2020: ₹ Nil, 31 March 2019: ₹ Nil) (refer note 53)

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**(c) Details of balances with related parties at year end**
**(i) Key Management Personnel**

Balances as at year end	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>Payables</b>			
Mr. Sunjay Kapur	-	-	-
Mr. Vivek Vikram Singh	-	3.03	-
Mr. Rohit Nanda	-	1.47	-
Mr. Vikram Verma Vedapalli	-	2.40	5.50
Mr. Jeffrey Mark Overly	0.53	-	-
<b>Total payables to related parties</b>	<b>0.53</b>	<b>6.90</b>	<b>5.50</b>

**(ii) Entities over which key management personnel are able to exercise significant influence and with whom transactions have taken place during the year/previous year**

Balances as at year end	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>Payables</b>			
Sona Management Services Limited	-	0.18	587.05
SKAP Forging Private Limited	-	-	6.82
Mandira Marketing Private Limited	-	-	0.05
<b>Total payables to related parties</b>	<b>-</b>	<b>0.18</b>	<b>593.92</b>

**Receivables**

Mandira Marketing Private Limited-Trade receivable	-	1.69	0.93
SKAP Forging Private Limited-Trade receivable	-	-	-
<b>Total receivables from related parties</b>	<b>-</b>	<b>1.69</b>	<b>0.93</b>

**(iii) Entity exercising control**

Balances as at year end	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
<b>Receivables</b>			
Sona Autocomp Holding Private Limited- Other financial assets	-	0.30	0.30

**Terms and conditions**

All the transactions were made on normal commercial terms and conditions and at market rates except as disclosed in note 52. All outstanding balances are unsecured and settled in cash.

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**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**(iv) Intra-group transactions eliminated upon consolidation**
**Transactions for the year ended 31 March 2019:**

Particulars	Entity name	Sona BLW Precision Forgings Limited	Sona Holding BV Netherlands	Sona Autocomp Germany GmbH	Sona BLW Prazisionsschmiede GmbH	SONA BLW Hungary Ltd.	PHT Beteiligungs GmbH and Co. KG	SONA AutoComp USA LLC	Sona BLW Driveline LLC
<b>Sales of goods and services to</b>	Sona Autocomp Germany GmbH	2.48	-	1.47	332.73	-	-	-	-
	Sona BLW Prazisionsschmiede GmbH	-	-	6,254.86	-	186.58	-	-	33.85
	SONA BLW Hungary Ltd.	-	-	4.96	13.99	-	-	-	-
	Sona BLW Precision Forgings Limited	-	-	4.10	9.64	-	-	-	-
<b>Interest income from</b>	Sona BLW Precision Forgings Limited	-	-	-	-	-	-	-	-
	Sona Holding BV Netherlands	18.32	-	-	-	-	1.39	0.04	-
	Sona Autocomp Germany GmbH	2.43	-	-	21.07	-	0.00	-	-
	Sona BLW Prazisionsschmiede GmbH	-	6.73	-	-	-	-	-	-
	SONA BLW Hungary Ltd.	-	-	-	-	-	1.29	-	-
	PHT Beteiligungs GmbH and Co. KG	-	-	(0.00)	-	-	-	-	-
<b>Corporate guarantee fees from</b>	Sona Autocomp Germany GmbH	3.70	-	-	-	-	-	-	-
<b>Loans given (net) to</b>	Sona Holding BV Netherlands	-	-	-	172.22	-	-	1.66	-
	SONA BLW Hungary Ltd.	-	6.65	-	-	-	8.20	-	-
<b>Recovery of loans (net) from</b>	Sona Autocomp Germany GmbH	-	-	-	1,703.36	-	1.63	-	-
	Sona Holding BV Netherlands	295.82	-	-	-	-	12.65	-	-
	Sona BLW Prazisionsschmiede GmbH	-	145.82	-	-	-	-	-	-

**Transactions for the year ended 31 March 2020:**

Particulars	Entity name	Sona BLW Precision Forgings Limited	Comstar Automotive Technologies Private Limited	Comstar Automotive USA LLC	Comstar Automotive Technology Services Private Limited	Comstar Automotive Hong Kong Ltd. (Holding Company)	Comestel Automotive Technologies Mexicana Ltd.	Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	Sona BLW Prazisionsschmiede GmbH
<b>Sales of goods and services to</b>	Comstar Automotive USA LLC	-	508.86	-	19.87	-	-	-	-
	Comstar Automotive Technologies Private Limited	0.49	-	-	-	-	-	-	-
	Comestel Automotive Technologies Mexicana Ltd.	-	408.84	-	2.87	-	-	103.14	-
	Comstar Automotive (Hangzhou) Co., Ltd.	-	23.38	-	-	-	-	-	-
	Sona Autocomp Germany GmbH	0.29	-	-	-	-	-	-	-
	Sona BLW Precision Forgings Limited	-	-	-	-	-	-	-	0.59
<b>Interest income from</b>	Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	-	-	-	-	-	0.44	-	-
	Comenergia Automotive Technologies Mexicana, S. De R.L. DE C.V	-	-	-	-	0.01	-	-	-
	Comestel Automotive Technologies Mexicana Ltd.	-	-	3.14	-	1.39	-	-	-
	Comstar Automotive (Hangzhou) Co., Ltd.	-	-	-	-	1.72	-	-	-
	Comstar Automotive Hong Kong Ltd. (Holding Company)	-	-	7.62	-	-	-	-	-
<b>Corporate guarantee fees from</b>	Sona Autocomp Germany GmbH	0.93	-	-	-	-	-	-	-
<b>Purchase of brand by</b>	Sona BLW Precision Forgings Limited	-	-	-	-	-	-	-	17.37
<b>Loans given (net) to</b>	Comestel Automotive Technologies Mexicana Ltd.	-	-	81.47	-	-	-	-	-
	Comstar Automotive (Hangzhou) Co., Ltd.	-	-	-	-	42.51	-	-	-
	Comenergia Automotive Technologies Mexicana, S. De R.L. DE C.V	-	-	-	-	1.77	-	-	-
	Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	-	-	-	-	-	56.67	-	-
<b>Dividend paid to</b>	Comstar Automotive Technologies Private Limited	-	-	34.45	-	-	-	-	-

**Transactions for the year ended 31 March 2021:**

Particulars	Entity name	Comstar Automotive Technologies Private Limited	Comstar Automotive USA LLC	Comstar Automotive Technology Services Private Limited	Comstar Automotive Hong Kong Ltd. (Holding Company)	Comestel Automotive Technologies Mexicana Ltd.	Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	Sona BLW Precision Forgings Limited
<b>Sales of goods and services to</b>	Comstar Automotive USA LLC	666.02	-	29.92	-	-	-	-
	Comestel Automotive Technologies Mexicana Ltd.	398.67	-	4.75	-	-	97.53	-
	Comenergia Automotive Technologies Mexicana, S. De R.L. DE C.V	-	-	-	-	83.11	-	-
	Comstar Automotive (Hangzhou) Co., Ltd.	51.25	-	-	-	-	-	-
<b>Interest income on loans given to</b>	Comstar Automotive Hong Kong Ltd. (Holding Company)	-	4.10	-	-	-	-	-
	Comestel Automotive Technologies Mexicana Ltd.	-	2.74	-	0.93	-	-	-
	Comenergia Automotive Technologies Mexicana, S. De R.L. DE C.V	-	-	-	0.17	-	-	-
	Comstar Automotive (Hangzhou) Co., Ltd.	-	-	-	1.85	-	-	-
	Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	-	-	-	0.47	-	-	-
<b>Contribution to</b>	Comstar Automotive Technologies Private Limited	-	-	-	-	-	-	14.76
<b>Reimbursement of expenses</b>	Comstar Automotive Technologies Private Limited	-	0.01	-	-	-	-	-
<b>Dividend paid to</b>	Comstar Automotive Technologies Private Limited	-	346.39	-	-	-	-	-
	Sona BLW Precision Forgings Limited	759.98	-	-	-	-	-	-
<b>Investment in</b>	Sona Comstar eDrive Private Limited	-	-	-	-	-	-	0.10

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**(iv) Intra-group balances eliminated upon consolidation**
**Balance outstanding as at 31 March 2019:**

Particulars	Entity name	Sona BLW Precision Forgings Limited	Sona Holding BV Netherlands	Sona Autocomp Germany GmBh	Sona BLW Prazisionsschmiede GmBh	SONA BLW Hungary Ltd.	PHT Beteiligungs GmbH and Co. KG	SONA AutoComp USA LLC	Sona BLW Driveline LLC
Trade and other receivables from	Sona Holding BV Netherlands	-	-	-	-	-	-	-	-
	Sona Autocomp Germany GmBh	2.16	-	-	-	-	17.17	-	4.78
	Sona BLW Prazisionsschmiede GmBh	-	-	16.69	-	5.20	-	-	-
	SONA BLW Hungary Ltd.	-	-	32.78	55.00	-	-	-	-
Loan balance receivable from	Sona Holding BV Netherlands	-	-	-	172.22	-	31.86	1.66	-
	Sona Autocomp Germany GmBh	-	-	-	421.33	-	-	-	-
	SONA BLW Hungary Ltd.	-	6.65	-	-	-	33.55	-	-

**Balance outstanding as at 31 March 2020:**

Particulars	Entity name	Sona BLW Precision Forgings Limited	Comstar Automotive Technologies Private Limited	Comstar Automotive USA LLC	Comstar Automotive Technology Services Private Limited	Comstar Automotive Hong Kong Ltd. (Holding Company)	Comestel Automotive Technologies Mexicana Ltd.	Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	Sona BLW Prazisionsschmiede GmBh
Trade and other receivables from	Comstar Automotive USA LLC	-	43.06	-	2.24	-	-	-	-
	Comestel Automotive Technologies Mexicana Ltd.	-	249.17	-	2.87	-	-	38.53	-
	Comstar Automotive (Hangzhou) Co., Ltd.	-	23.28	-	-	-	-	-	-
	Comstar Automotive Technologies Private Limited	0.10	-	-	-	-	-	-	-
Loan balance receivable from	Comstar Automotive Hong Kong Ltd. (Holding Company)	-	-	311.58	-	-	-	-	-
	Comestel Automotive Technologies Mexicana Ltd.	-	-	206.69	-	156.53	-	-	-
	Comenergia Automotive Technologies Mexicana, S. De R.L. DE C.V	-	-	-	-	5.24	-	-	-
	Comstar Automotive (Hangzhou) Co., Ltd.	-	-	-	-	76.64	-	-	-
	Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	-	-	-	-	-	61.38	-	-

**Balance outstanding as at 31 March 2021:**

Particulars	Entity name	Comstar Automotive Technologies Private Limited	Comstar Automotive USA LLC	Comstar Automotive Technology Services Private Limited	Comstar Automotive Hong Kong Ltd. (Holding Company)	Comestel Automotive Technologies Mexicana Ltd.	Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	Comenergia Automotive Technologies Mexicana, S. De R.L. DE C.V
Trade and other receivables from	Comstar Automotive USA LLC	102.40	-	2.49	-	-	-	-
	Comestel Automotive Technologies Mexicana Ltd.	214.77	14.72	0.40	47.97	-	56.80	82.17
	Comstar Automotive (Hangzhou) Co., Ltd.	42.92	-	-	-	-	-	-
Loan balance outstanding	Comstar Automotive Hong Kong Ltd. (Holding Company)	-	264.29	-	-	-	-	-
	Comestel Automotive Technologies Mexicana Ltd.	-	188.76	-	48.52	-	-	-
	Comenergia Automotive Technologies Mexicana, S. De R.L. DE C.V	-	-	-	20.22	-	-	-
	Comstar Automotive (Hangzhou) Co., Ltd.	-	-	-	76.04	-	-	-
	Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	-	-	-	-	1.09	-	-

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**41 Earnings per share**

	31 March 2021	31 March 2020	31 March 2019
Profit from continuing operations	2,151.65	3,603.43	1,001.14
Profit from discontinuing operations	-	-	728.57
<b>Total profit attributable to the equity holders of the Company used for basic and diluted earnings per share (A)</b>	<b>2,151.65</b>	<b>3,603.43</b>	<b>1,729.71</b>
Original number of equity shares	47,153,944	27,718,376	27,718,376
Buyback of shares	-	(2,592,935)	-
Issue of shares	-	22,028,503	-
Conversion of compulsory convertible preference shares into equity shares	594,436	-	-
Bonus shares issued during the year	525,232,180	-	-
Original number of compulsory convertible preference shares	-	594,436	-
<b>Total number of equity shares at the end of the year</b>	<b>572,980,560</b>	<b>47,748,380</b>	<b>27,718,376</b>
Effect of exercise of share options (refer note 53)	192,634	-	-
Total number of equity shares (including options) at the end of the year	573,173,194	47,748,380	27,718,376
<b>Weighted average number of equity shares used as the denominator in calculating basic earnings per share</b>	<b>572,980,560</b>	<b>42,549,335</b>	<b>27,718,376</b>
Impact of bonus issue in previous year *	-	468,042,685	304,902,136
<b>Weighted average number of equity shares used as the denominator in calculating basic earnings per share (B)</b>	<b>572,980,560</b>	<b>510,592,020</b>	<b>332,620,512</b>
Effect of exercise of share options (refer note 53)	192,634	-	-
<b>Weighted average number of equity shares used as the denominator in calculating diluted earnings per share (C)</b>	<b>573,173,194</b>	<b>510,592,020</b>	<b>332,620,512</b>
<b>Nominal Value per share (in ₹)</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>
<b>(a) Basic earnings/(loss) per share (in ₹)</b>			
From continuing operations attributable to the equity holders	3.76	7.06	3.01
From discontinuing operations attributable to the equity holders	-	-	2.19
<b>Total basic earning per share attributable to the equity holders (A/B)</b>	<b>3.76</b>	<b>7.06</b>	<b>5.20</b>
<b>(b) Diluted earnings/(loss) per share (in ₹)</b>			
From continuing operations attributable to the equity holders	3.75	7.06	3.01
From discontinuing operations attributable to the equity holders	-	-	2.19
<b>Total diluted earning per share attributable to the equity holders (A/C)</b>	<b>3.75</b>	<b>7.06</b>	<b>5.20</b>

**\* Earning per share (both basic and diluted) has been restated for all the previous years presented on account of issue of bonus shares (refer note 16)**

**42 Employee Benefits**
**A Defined contribution plans:**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
a) Provident fund	60.08	41.54	22.04
b) Super annuation fund	-	7.91	12.15
c) Employees state insurance corporation	0.40	0.76	1.24
d) Punjab/Haryana labour welfare fund	0.22	0.22	0.09
e) National Pension Scheme	7.47	2.48	-
	<b>68.18</b>	<b>52.90</b>	<b>35.52</b>

**B Defined benefit plans:**
**(i) Gratuity**

The Holding Company operates post retirement defined benefit plan for retirement gratuity, which is funded. The Holding Company through the gratuity trust has taken group gratuity policy of Life Insurance Corporation of India.

Details of changes and obligation under the defined benefit plan is given as below:-

**I Expense recognised in the statement of profit and loss**

	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
(i) Current service cost	19.54	16.39	6.23
(ii) Past service cost	3.46	-	-
(iii) Interest cost	6.62	10.76	4.37
(iv) Expected return on plan assets	(4.97)	(9.09)	(3.78)
Net expense recognised in the statement of profit and loss	<b>24.65</b>	<b>18.06</b>	<b>6.82</b>

**II Remeasurement (gain)/loss recognised in other comprehensive income**

	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
(i) Actuarial changes arising from changes in demographic assumptions	0.38	(3.99)	-
(ii) Actuarial changes arising from changes in financial assumptions	(9.76)	(3.37)	11.33
(iii) Actuarial changes arising from changes in experience adjustments	4.68	(4.74)	(9.31)
(iii) Return on plan assets greater than discount rate	(0.16)	(0.18)	(1.00)
Net expense recognised in other comprehensive income	<b>(4.86)</b>	<b>(12.28)</b>	<b>1.02</b>

**SONA BLW PRECISION FORGINGS LIMITED**  
**Summary of significant accounting policies and other explanatory information**  
**(Figures in Million ₹, unless stated otherwise)**

**III Changes in obligation**

	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
(i) Opening balance	194.85	82.17	74.51
(ii) Acquired through business combination	-	103.00	-
(iii) Current service cost	19.54	16.39	6.23
(iii) Past service cost	3.46	-	-
(iv) Interest cost	11.15	10.76	4.37
(v) Benefit payments directly by employer	(2.80)	(0.27)	-
(vi) Transfer of employees from erstwhile related party	-	-	-
(vii) Actuarial (gain)/loss	(4.70)	(11.10)	2.02
(viii) Benefit payments from plan assets	(1.78)	(7.41)	(4.96)
Present value of obligation as at year end	<b>219.72</b>	<b>193.54</b>	<b>82.17</b>

**IV Changes in plan assets**

	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
(i) Fair value of plan assets as at the beginning of the period	164.49	80.74	50.47
(ii) Acquired through business combination	-	71.00	-
(iii) Interest income	10.53	9.09	3.78
(iii) Actuarial gain / (loss)	-	-	-
(iv) Contributions by employer	21.03	9.00	30.45
(v) Benefit payments from plan assets	(4.58)	(7.41)	(4.96)
(vi) Transfer of employees from erstwhile related party	-	-	-
(vii) Actuarial gain/(loss) on plan assets	0.16	0.18	1.00
<b>Fair value of plan assets</b>	<b>191.62</b>	<b>162.60</b>	<b>80.74</b>

**V Net assets / liabilities**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
(i) Present value of obligation at the end of the year	219.73	193.54	82.17
(ii) Fair value of plan assets at the end of the year	191.62	162.60	80.74
(iii) Net liabilities recognised in the balance sheet			
- Non current	1.83	14.00	-
- Current	26.28	16.94	1.43

**VI Experience adjustment**

	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Experience adjustment loss on plan liabilities	6.37	(4.74)	(9.31)

**VII Investment details**

The Parent Company has invested in gratuity funds which is administered through Life Insurance Corporation of India. The detail of investment maintained by Life Insurance Corporation are not made available to the Parent and therefore not been disclosed.

**VIII Principal actuarial assumptions**

	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Discount rate (per annum)	6.00%-6.40%	6%	7%
Expected return on plan assets (per annum)	5.90%	6%	7%
Expected increase in salary costs (per annum)	7.00% - 8.00%	8%	9%
Attrition rate	9.10% - 15.00%	15%	15%
Mortality	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate	IALM 2006-08 Ultimate
Retirement age	58 years	58 years	58 years

**IX Quantitative sensitivity analysis for significant assumptions is as below:**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Delta effect of +1% change in rate of discounting	210.83	187.10	78.68
Delta effect of -1% change in rate of discounting	231.23	205.10	86.63
Delta effect of +1% change in rate of salary increase	220.44	204.59	86.52
Delta effect of -1% change in rate of salary increase	221.45	187.41	78.70

**X Maturity profile of defined benefit obligation (undiscounted)**

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Within the next 12 months (next annual reporting period)	26.63	22.11	12.09
Between 2 and 5 years	94.62	83.43	46.34
Between 6 and 10 years	89.25	193.65	29.56

**XI** The average duration of the defined benefit plan obligation at the end of the reporting period is 6.28 - 9 years (31 March 2020: 6.29 - 9.1 years, 31 March 2019: 6.33 years, 31 March 2018: 6.30 years)

**XII** The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary. The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

**(ii) Pension plans of subsidiary companies (disposed off on 4 July 2019 (also refer note 49)):**

The Group maintains defined benefit pension plans and defined contribution plans for its subsidiary companies in Germany, namely Sona BLW Präzisionsschmiede GmbH and Sona Autocomp Germany GmbH, Germany, that cover the majority of the employees in Germany.

In Germany provisions for pension obligations are established due to pension plans for commitments for retirement, disability and survivor benefits. As a rule, the amount of the commitments depends on the employee's length of service and remuneration.

The majority of Group pension schemes at German companies are based on benefit obligations. The benefit obligations at SONA AutoComp Germany GmbH are financed through provisions. The benefit obligations at SONA BLW Präzisionsschmiede GmbH are financed through provisions, and to a lesser extent, through trust assets (contractual trust arrangement).

The following pension plans of substantial scope exist:

Direct commitments: These are various defined benefit and defined contribution plans. Some of these plans grant a higher benefit. The plans based on final salary are all closed, and for the most part are also maintained for the remaining active plan participants only in the form of vested rights.

There are open direct commitments for both senior executives and for all other employees.

Thyssen Industries PO

The amount of the pension payment is determined by the number of creditable years of service, the base amount for each year of service and the personal measurement ratio. The personal measurement ratio is calculated from the individual gross monthly income of the last two calendar years divided by the general gross monthly income of all insured participants in the employee retirement insurance plan. The Thyssen Industry PO is closed to new hires. New hires normally receive the combination package commitment described below.

Combination package

Pension Plan I (PP I):

When designing PP I, the Group was guided by the idea of the defined contribution retirement pension. The amount of the benefit is measured based on the contributions provided. However, this so-called pension contribution is not actually paid, but instead only serves as a measurement basis for calculating the benefits. For each beneficiary under PP I, the amount of the pension contribution is determined each year depending on the classification of his personal eligible earnings in the stipulated pay class. Using a contribution table, this pension contribution is converted into a "capital component" and credited to the employee's "retirement pension account".

Pension Plan II (PP II):

When designing PP II, the Group was guided by the idea of the defined contribution retirement pension financed by deferred compensation. For each beneficiary under PP II, the amount of the pension contribution resulting from his deferred compensation is determined each year. This pension contribution, which must be at least as high as the employer's pension contribution under PP I, is converted into a "capital component" using a contribution table and credited to the employee's "retirement pension account".

Pension Plan III (PP III):

When designing PP III, the Group was guided by the idea of the additional defined contribution pension for those employees who participate in PP II. In PP III, an additional pension contribution is provided for those employees who make a pension contribution under PP II. The amount of this additional contribution depends on the pension contribution under PP I. This additional employer-funded pension contribution is converted into a "capital component" using a contribution table and credited to the employee's "retirement pension account".

Essener Verband

Benefit Directives A & B

The pension payment is determined by the individual groups for which the employee has been registered. For each year of service to be considered, the payment is 4.00% of the group amount. Correspondingly, a maximum of 25 years of service may be factored in. In general, benefit schemes A and B are closed. Employees who receive a commitment from the Essener Verband receive the BoLo commitment described below.

BoLo

The pension components are the basis for determining the pension payment. The measurement bases for the pension components are the contributions amounts determined by the employer, the employee's age in the year the contributions are allocated, and the actuarial pension tables.

The employees acquire pension components annually from pension contributions. The value of these pension components is calculated by multiplying the annual pension contribution by the pertinent pension factor for the respective age based on the actuarial pension tables in question. The total of the pension components accumulated until retirement is the annual old-age pension.

Occupational pension fund: The occupational pension fund is an open plan in Munich for new hires. The employee receives a defined lump sum benefit upon retirement depending on the length of employment.



**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
**(Figures in Million ₹, unless stated otherwise)**
**Details of changes and obligation under the defined benefit plan is given as below (relates to discontinued operations):-**
**I Changes in obligation during the year**

	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
(i) Opening balance	-	-	3,394.22
(ii) Current service cost *	-	-	112.29
(iv) Interest cost *	-	-	54.32
(v) Benefit payments directly by employer	-	-	(134.47)
(vii) Actuarial (gain)/loss **	-	-	21.21
(viii) Divestitures	-	-	-
(ix) Foreign currency translation difference	-	-	(110.40)
(x) <b>Present value of obligation as at year end</b>	<b>-</b>	<b>-</b>	<b>3,337.17</b>

*\* Charged to statement of profit and loss*
*\*\* Charged to Other comprehensive income*
**II Changes in plan assets during the year**

	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
(i) Fair value of plan assets as at the beginning of the period	-	-	52.81
(ii) Expected return on plan assets	-	-	(0.24)
(iii) Currency difference	-	-	(1.70)
(iv) Fair value of plan assets	<b>-</b>	<b>-</b>	<b>50.87</b>

**III Net assets / liabilities recognised in the balance sheet**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
(i) Present value of obligation	-	-	3,337.18
(ii) Fair value of plan assets	-	-	50.87
(iii) Net liabilities recognised in the balance sheet	-	-	-
- Current	-	-	-
- Non current *	-	-	3,286.31

*\* Amount of provision outstanding as at 31 March 2019 has been classified under 'Liabilities of disposal group classified as held for sale' (refer note 49)*
**IV Experience adjustment**

	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Experience adjustment loss on plan liabilities	-	-	(125.81)

**V Investment details**

The reported plan assets associated with the funded pension plans are located in Germany. The Group invests in diversified portfolios consisting of an array of asset classes that attempt to maximize returns while minimizing volatility. The asset classes include national and international stocks, fixed income government and non-government securities and property, plant and equipment. Plan assets do not include any direct investments in the Group debt securities, equity securities or real estate.

The pension plan asset allocation and target allocation are as follows:

	Plan assets as at 31 March 2021	Plan assets as at 31 March 2020	Plan assets as at 31 March 2019
Equity Securities	-	-	6.37
Debt Securities	-	-	43.13
Real Estate/Other	-	-	1.36
<b>Total</b>	<b>-</b>	<b>-</b>	<b>50.86</b>

**SONA BLW PRECISION FORGINGS LIMITED****Summary of significant accounting policies and other explanatory information**

(Figures in Million ₹, unless stated otherwise)

**VI Assumptions**

The assumptions for discount rates and the rates of compensation increase on which the calculation of the obligations are based were derived in accordance with standard principles. Discount rates are generally determined based on market yields of high quality corporate bonds with terms corresponding to the estimated terms of the post-employment benefit obligations. The expected return on plan assets is determined based on detailed studies conducted by the plans' third party investment and actuarial advisors. The studies take into consideration the long-term historical returns and the future estimates of long-term investment returns based on the target asset allocation. The Group applied the following weighted average assumptions to determine benefit obligations:

	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Discount rate (per annum)	-	-	1.30%
Expected return on plan assets (per annum)	-	-	1.30%
Expected increase in salary costs (per annum)	-	-	2.25%
Pension increase rate	-	-	1.75%

**VII Quantitative sensitivity analysis for significant assumptions is as below:**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:

	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Delta Effect of +0.5% Change in rate of discounting	-	-	273.15
Delta Effect of -0.5% Change in rate of discounting	-	-	(242.22)
Delta Effect of +1% Change in rate of pension	-	-	(52.06)
Delta Effect of -1% Change in rate of pension	-	-	53.59

**VIII** The average duration of the defined benefit plan obligation at the end of the reporting period 31 March 2019: 13.40 years.

**IX** The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary.

**X** The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**43 Contingent liabilities**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
a) Claims against the Group not acknowledged as debts			
i) Service tax			
Cases pending before Appellate authorities in respect of which the Parent Company has filed appeals/show cause notices. (FY 2005-06 to 2007-08)	0.47	0.47	0.47
ii) Income Tax *			
Cases pending before Appellate Authorities in respect of which the Parent Company has filed appeal (AY-2013-14)	2.12	2.12	3.35
Cases pending before Appellate Authorities in respect of which the Parent Company has filed appeal (AY-2012-13)	3.18	3.18	3.18
Cases pending before Appellate Authorities in respect of which the Parent Company has filed appeal (AY-2011-12)	4.21	4.21	4.21
Cases pending before ITAT in respect of which the Company has filed appeal (AY-2016-17)	2.00		
Cases pending before CIT in respect of which the Company has filed appeal (AY-2017-18)**	70.78	64.93	-
Cases pending before CIT in respect of which the Company has filed appeal (AY-2018-19)***	3.73	-	-
(iii) Central Excise Act, 1944			
Case pending before Directorate General of Goods And Service Tax Intelligence in respect of which the Group has filed appeals/show cause notices. (FY 2014-15 to FY 2017-18)	14.85	14.85	-

\*Amount paid under protest of ₹ 24.48 million (31 March 2020: ₹ 23.71 million)

\*\* Total disputed amount of the case is ₹ 79.40 million (including interest liability) out of which ₹ 8.63 million (including interest liability) has been provided as a provision and balance amount of ₹ 70.78 million (including interest liability) is being disclosed as a contingent liability.

\*\*\* One of the subsidiary company of the Group has received an assessment order on 02 April 2021 under section 143(3) for the Assessment Year 2018-19 by disallowing: (i) the deduction claimed under section 35(2AB) of Income Tax Act 1961 (the Act) amounting to ₹ 307.24 million whereas the amount of allowance in Form 3CL amounting to ₹ 266.23 million therefore excess claim of ₹ 41.01 millions. Out of the said excess claim of ₹ 41.01 millions the assessing officer has admitted an amount of ₹ 27.34 million as revenue expenditure under section 35(2AB) which otherwise the Company is eligible to claim the same under section 37 of the Act. Therefore the net disallowance amounting to ₹ 13.67 million (ii) provision for warranty amounting to ₹ 9.00 million was disallowed on the grounds that the same is disallowed during the Assessment Years 2016-17 and 2017-18. Considering the above said disallowances, the assessing officer has raised a demand of ₹ 3.73 million under section 156 of the Act. The company has intends to file an appeal with the Commissioner of Income Tax-Appeals. Based on professional advice, the Company strongly believes that the case will be decided in their favour and hence no provision has been considered.

b) There are labour cases pending before High Court and Labour Commissioner/Officer. The Parent Company has been legally advised that the cases filed by the employees are not sustainable in law and accordingly no provision has been made therefor. Moreover no monetary claim was filed or is pending.

c) Duty paid and related export obligation status with respect to EPCG licenses which is six times of the duty saved, obtained by the Group are as under :

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Export obligation pending (₹ million)	2,903.78	1,290.94	625.98

**44 Commitments**
**(a) Capital commitments**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Estimated amount of contracts to be executed on capital account not provided for (net of advances)	1,543.48	1,154.22	916.69
	<b>1,543.48</b>	<b>1,154.22</b>	<b>916.69</b>

**45 Dues to micro and small enterprises**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Principal amount due to suppliers registered under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED) and remaining unpaid as at year end	491.99	164.10	75.17
the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-	-
the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	-	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-	-
the amount of interest accrued and remaining unpaid at the end of each accounting year;	3.84	2.89	1.60
the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23.	3.84	2.89	1.60

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*

46 Additional information as required by Paragraph 2 of the general instruction for the preparation of Consolidated financial statements as per Schedule III of Companies Act 2013:

**31 March 2021**

Name of entity	Net assets i.e. total assets minus total liabilities		Share in profit and (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount (₹ million)	As a % of consolidated net profit	Amount (₹ million)	As a % of consolidated other comprehensive income	Amount (₹ million)	As a % of consolidated total comprehensive income	Amount (₹ million)
<b>Holding Company</b>								
Sona BLW Precision Forgings Limited	94.30%	12,296.10	87.39%	1,880.42	155.79%	(19.38)	87.00%	1,861.04
<b>Subsidiaries- India</b>								
Comstar Automotive Technologies Private Limited	33.00%	4,302.22	59.03%	1,270.21	31.45%	(3.91)	59.19%	1,266.29
Comstar Automotive Technologies Services Private Limited	0.28%	36.82	0.59%	12.78	-0.88%	0.11	0.60%	12.88
Sona Comstar eDrive Private Limited	0.00%	0.10	0.00%	-	0.00%	-	0.00%	-
<b>Subsidiaries- Foreign</b>								
Comstar Automotive USA LLC	8.96%	1,168.85	12.86%	276.76	250.59%	(31.17)	11.48%	245.59
Comstar Automotive Hongkong Limited	-0.52%	(68.00)	0.46%	10.00	86.88%	(10.81)	-0.04%	(0.81)
Comestel Automotive Technologies Mexicana Ltd	0.47%	61.00	-0.23%	(5.00)	64.35%	(8.01)	-0.61%	(13.01)
Comstar Automotive (Hangzhou) Co., Ltd	-0.71%	(92.00)	1.30%	28.00	16.73%	(2.08)	1.21%	25.92
Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V	0.02%	2.00	0.09%	2.00	-3.86%	0.48	0.12%	2.48
Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V	-0.64%	(83.00)	-0.79%	(17.00)	-1.16%	0.14	-0.79%	(16.86)
Comstar Hong Kong Mexico No. 1, LLC	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Consolidation adjustments	-35.16%	(4,585.08)	-60.72%	(1,306.51)	-499.90%	62.19	-58.17%	(1,244.32)
<b>Total</b>	<b>100%</b>	<b>13,039.01</b>	<b>100%</b>	<b>2,151.65</b>	<b>100%</b>	<b>(12.44)</b>	<b>100%</b>	<b>2,139.21</b>

**31 March 2020**

Name of entity	Net assets i.e. total assets minus total liabilities		Share in profit and (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount (₹ million)	As a % of consolidated net profit	Amount (₹ million)	As a % of consolidated other comprehensive income	Amount (₹ million)	As a % of consolidated total comprehensive income	Amount (₹ million)
<b>Holding Company</b>								
Sona BLW Precision Forgings Limited	96.05%	11,314.56	23.33%	840.78	107.33%	(307.57)	16.08%	533.21
<b>Subsidiaries- India</b>								
Comstar Automotive Technologies Private Limited (with effect from 5 July 2019)	26.23%	3,090.00	17.57%	633.00	-2.44%	7.00	19.30%	640.00
Comstar Automotive Technologies Services Private Limited (with effect from 5 July 2019)	0.20%	24.00	0.25%	9.00	0.00%	-	0.27%	9.00
<b>Subsidiaries- Foreign</b>								
Comstar Automotive Hongkong Limited (with effect from 5 July 2019)	0.58%	68.00	0.28%	10.00	3.14%	(9.00)	0.03%	1.00
Comstar Automotive USA LLC (with effect from 5 July 2019)	7.82%	921.00	6.19%	223.00	0.00%	-	6.72%	223.00
Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V (with effect from 5 July 2019)	-0.02%	(2.00)	0.03%	1.00	-0.35%	1.00	0.06%	2.00
Comstar Automotive (Hangzhou) Co., Ltd (with effect from 5 July 2019)	0.78%	92.00	-0.39%	(14.00)	0.00%	-	-0.42%	(14.00)
Comstar Hong Kong Mexico No. 1, LLC (with effect from 5 July 2019)	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Comestel Automotive Technologies Mexicana Ltd (with effect from 5 July 2019)	-0.52%	(61.00)	0.42%	15.00	4.19%	(12.00)	0.09%	3.00
Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V (with effect from 5 July 2019)	0.70%	83.00	0.58%	21.00	1.40%	(4.00)	0.51%	17.00
Sona Holding B.V. The Netherlands (till 4 July 2019)	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Sona Autocomp Germany GmbH, Germany (till 4 July 2019)	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Sona Autocomp Usa Llc, USA (till 4 July 2019)	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Sona BLW Präzisionsschmiede GmbH (till 4 July 2019)	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Sona BLW Precision Forging Inc, USA (till 4 July 2019)	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Sona BLW Kft, Hungary (till 4 July 2019)	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Sona BLW Driveline LLC (till 4 July 2019)	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Sona BLW-Hilfe GmbH, München, Germany ( till 4 July 2019)	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Consolidation adjustments	-31.84%	(3,750.15)	51.75%	1,864.65	-13.26%	38.00	57.36%	1,902.65
<b>Total</b>	<b>100%</b>	<b>11,779.41</b>	<b>100%</b>	<b>3,603.43</b>	<b>100%</b>	<b>(286.57)</b>	<b>100%</b>	<b>3,316.86</b>

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**31 March 2019**

Name of entity	Net assets i.e. total assets minus total liabilities		Share in profit and (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount (₹ million)	As a % of consolidated net profit	Amount (₹ million)	As a % of consolidated other comprehensive income	Amount (₹ million)	As a % of consolidated total comprehensive income	Amount (₹ million)
<b>Holding Company</b>								
Sona BLW Precision Forgings Limited	143.18%	2,522.83	57.36%	993.38	-11.55%	(0.67)	57.13%	992.71
<b>Subsidiaries- Foreign</b>								
Sona Holding B.V. Amsterdam, The Netherlands	-11.40%	(200.84)	-2.02%	(34.93)	40.12%	2.33	-1.88%	(32.60)
SONA AutoComp Germany GmbH, München, Germany	-143.75%	(2,532.86)	49.71%	860.88	-0.03%	(0.00)	49.54%	860.88
SONA BLW Präzisionsschmiede GmbH, München, Germany	93.83%	1,653.32	-6.21%	(107.48)	110.74%	6.42	-5.82%	(101.06)
PHTT Beteiligungs GmbH and Co. KG, München, Germany	12.96%	228.42	0.13%	2.26	0.00%	-	0.13%	2.26
SONA AutoComp USA LLC, Wilmington, Delaware, USA	0.05%	0.96	0.07%	1.25	0.00%	-	0.07%	1.25
SONA BLW-Hilfe GmbH, München, Germany	0.00%	-	0.00%	-	0.00%	-	0.00%	-
SONA BLW Hungary Ltd., Budapest, Hungary	0.34%	5.95	-0.64%	(11.15)	0.00%	-	-0.64%	(11.15)
SONA BLW Driveline LLC, Troy, Michigan, USA	0.62%	10.97	0.40%	6.85	0.00%	-	0.39%	6.85
			0.00%	-	0.00%	-	0.00%	-
<b>Minority interest in all subsidiaries</b>	1.38%	24.23	0.12%	2.09	-9.00%	(0.52)	0.09%	1.57
<b>Associate (investment as per equity method)</b>								
Indian Associate								
Sona Skill Development Centre Ltd.	0.00%	-	0.13%	2.17	0.00%	-	0.12%	2.17
Consolidation adjustments	2.78%	49.02	0.95%	16.48	-30.28%	(1.76)	0.85%	14.72
<b>Total</b>	<b>100%</b>	<b>1,762.00</b>	<b>100%</b>	<b>1,731.80</b>	<b>100%</b>	<b>5.80</b>	<b>100%</b>	<b>1,737.60</b>

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**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**47 Leases**

i) The Group has entered into lease arrangements for land, building and plant and machinery that are renewable on a periodic basis with approval of both lessor and lessee.

ii) The Group does not have any lease commitments towards variable rent as per the contract.

iii) Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over land and building the Group must keep those properties in a good state of repair and return the properties in their original condition, except for normal wear and tear, at the end of the lease. Further, the Group shall insure items owned by it and incur maintenance fees on such items in accordance with the lease contracts.

iv) Lease liabilities are presented in the statement of financial position as follows:

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Current	105.27	71.73	24.06
Non-current	720.15	532.33	156.84
Lease liabilities classified under asset held for sale			
Current	-	-	358.01
Non-current	-	-	720.83
	<b>825.42</b>	<b>604.06</b>	<b>1,259.74</b>

v) Future minimum lease payments are as follows:

Particulars	As at 31 March 2021		
Minimum lease payments due	Lease payments	Finance charges	Net present values
Within 1 year	105.27	75.96	29.08
1-5 years	458.11	232.91	224.91
More than 5 years	911.13	339.69	571.43
	<b>1,474.51</b>	<b>648.55</b>	<b>825.42</b>

Particulars	As at 31 March 2020		
Minimum lease payments due	Lease payments	Finance charges	Net present values
Within 1 year	78.62	6.76	71.86
1-5 years	352.61	92.39	260.22
More than 5 years	668.21	396.23	271.98
	<b>1,099.44</b>	<b>495.38</b>	<b>604.06</b>

Particulars	As at 31 March 2019		
Minimum lease payments due	Lease payments	Finance charges	Net present values
Within 1 year	398.62	15.53	383.09
1-5 years	835.34	49.52	785.82
More than 5 years	166.18	75.35	90.83
	<b>1,400.14</b>	<b>140.40</b>	<b>1,259.74</b>

vi) The following are amounts recognised in profit or loss:-

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation expense of right-of-use assets *	71.78	45.16	16.03
Interest expense on lease liabilities *	73.37	42.67	17.44
Rent expense (relating to short term leases on which lease liability is not recognised) *	21.15	18.63	27.80
<b>Total</b>	<b>166.30</b>	<b>106.46</b>	<b>61.27</b>

\* These expense does not include the expense pertaining to discontinued operations

**viii) Total cash outflow pertaining to leases**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Total cash outflow pertaining to leases during the period/year ended *	112.49	75.51	51.11

\* Pertaining to continuing operations

The Group determines the leases term as either the non-cancellable period of the lease and any additional periods when there is an enforceable option to extend the lease and it is reasonably certain that the Group will extend the term, or a lease period in which it is reasonably certain that the Group will not exercise a right to terminate. The lease term is reassessed if there is a significant change in circumstances.

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**48 Revenue from contracts with customers**
**(a) Disaggregation of revenue**

The Group has performed a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of revenues by geography and timing of recognition.

Revenue from operations	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Revenue by geography</b>			
Domestic	5,247.20	4,312.86	4,706.22
Export	9,642.14	5,717.24	1,882.53
Total	<b>14,889.34</b>	<b>10,030.10</b>	<b>6,588.75</b>
<b>Revenue (timing)</b>			
Revenue recognised at point in time	14,889.34	10,030.10	6,588.75
<b>Total</b>	<b>14,889.34</b>	<b>10,030.10</b>	<b>6,588.75</b>

**(b) Liabilities related to contracts with customers**

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Opening balance	53.05	43.69	50.73
Income recognised from advance	(23.52)	(10.20)	(27.82)
Advance received from customers during the period	62.13	19.56	20.78
<b>Advance from customers</b>	<b>91.66</b>	<b>53.05</b>	<b>43.69</b>

**(c) Reconciliation of revenue recognised in Statement of Profit and Loss with Contract price**

There are insignificant discounts offered by the Company to its customers for the year ended 31 March 2021 ₹ 1.17 million (31 march 2020: ₹ 3.19 million, 31 march 2019: ₹ 4.43 million)

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## SONA BLW PRECISION FORGINGS LIMITED

### Summary of significant accounting policies and other explanatory information

(Figures in Million ₹, unless stated otherwise)

#### 49 Loss of control over Sona Holding B.V. The Netherlands ("Sona BV")

The Parent Company had executed an agreement dated 16 October 2018 to sell 81% stake in its wholly owned subsidiary, Sona Holding BV Netherlands (Sona BV), to Sona Autocomp Private Limited, for a sale consideration of Rs. 1,399.48 million. Accordingly, in the consolidated financial statements for the year ended 31 March 2019, the consolidated assets and liabilities of Sona BV were presented as "Assets of disposal group classified as held for sale" and "Liabilities of disposal group classified as held for sale", respectively and the consolidated profit of Sona BV was presented as "Discontinued Operations" for the year ended 31 March 2019 and 31 March 2018, in accordance with the requirement of Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations. Sona BV alongwith its subsidiaries and step down subsidiaries as stated below, have historically been consolidated into the Parent Company –

- SONA BLW Präzisionsschmiede GmbH, SONA AutoComp Germany GmbH
- SONA AutoComp Germany GmbH, München, Germany
- SONA BLW Präzisionsschmiede GmbH, München, Germany
- PHT Beteiligungs GmbH and Co. KG, München, Germany
- SONA AutoComp USA LLC, Wilmington, Delaware, USA
- SONA BLW-Hilfe GmbH, München, Germany
- SONA BLW Hungary Ltd., Budapest, Hungary
- SONA BLW Driveline LLC, Troy, Michigan, USA

#### Assets and liabilities of disposal group classified as held for sale

The following asset and liabilities are reclassified as held for sale in relation to the discontinued operation as at 31 March 2019

	As at 31 March 2019
Property, plant and equipment	2,895.29
Capital work-in-progress	48.16
Right-of-use assets	814.92
Intangible Asset	1,550.43
Financial assets- Loans	280.96
Other non-current assets	380.88
Deferred tax asset(net)	250.70
<b>Total non-current assets</b>	<b>6,221.34</b>
<b>Current assets</b>	
Inventories	2,103.30
Financial assets	
i. Trade receivables	1,256.25
ii. Cash and cash equivalents	388.36
iii. Loans	112.46
iv. Other Financial assets	4.83
Income tax assets (net)	9.79
Other current assets	410.60
<b>Total current assets</b>	<b>4,285.59</b>
<b>Total asset held for sale (A)</b>	<b>10,506.93</b>
<b>Non-current liabilities</b>	
Financial liabilities	
i) Borrowings	738.90
ii) Lease liability	720.83
Provisions	4,624.00
<b>Total non-current liabilities</b>	<b>6,083.73</b>
<b>Current liabilities</b>	
Financial liabilities	
i. Borrowings	126.68
ii. Lease liability	358.01
iii. Trade payables	2,450.98
iv. Other financial liabilities	763.05
Other current liabilities	152.90
Provisions	889.04
Current tax liabilities (net)	443.45
<b>Total current liabilities</b>	<b>5,184.11</b>
<b>Total liabilities directly linked with asset held for sale (B)</b>	<b>11,267.84</b>
<b>Net liabilities (B-A)</b>	<b>760.91</b>
<b>Assets pledged as security for borrowings</b>	As at 31 March 2019
<b>Non-current</b>	
Non financial assets	2,833.48



**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**Financial performance and Cash flow Information**

The financial performance and cash flow information are presented for the year ended 31 March 2019 and 31 March 2018

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Income</b>		
Revenue from operations	20,263.47	18,299.32
Other income	3,519.99	0.53
<b>Total income</b>	<b>23,783.46</b>	<b>18,299.85</b>
<b>Expenses</b>		
Cost of materials consumed	8,966.36	7,567.63
Changes in inventories of finished goods and work-in-progress	(90.27)	(161.64)
Employee benefits expense	8,934.66	6,406.41
Finance costs	258.97	213.57
Depreciation and amortisation expense	751.70	750.39
Other expenses	3,834.72	3,287.39
<b>Total expenses</b>	<b>22,656.14</b>	<b>18,063.75</b>
<b>Profit before tax</b>	<b>1,127.32</b>	<b>236.10</b>
<b>Tax expense</b>		
- Current tax	448.79	24.35
- Tax related to previous years	(7.60)	-
- Current deferred tax charge	(44.53)	297.33
<b>Total tax expense</b>	<b>396.66</b>	<b>321.68</b>
<b>Profit/(loss) for the year from discontinued operation</b>	<b>730.66</b>	<b>(85.58)</b>
<b>Other comprehensive income</b>		
Items that will be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	20.07	(212.43)
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit obligations	(13.61)	0.30
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<b>6.46</b>	<b>(212.13)</b>
<b>Total comprehensive income for the year</b>	<b>737.12</b>	<b>(297.71)</b>
<b>Cash Flow Information for asset held for sale</b>		
	For the year ended 31 March 2019	For the year ended 31 March 2018
Net cash flow (used in)/generated from operating activities	(405.55)	309.35
Net cash generated /(used in) investing activities	3,674.77	(363.85)
Net cash flow (used in)/generated from financing activities	(3,124.17)	39.30
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>145.05</b>	<b>(15.20)</b>
Cash and cash equivalents at the beginning of the year	243.31	258.51
<b>Cash and cash equivalents at the end of the year</b>	<b>388.36</b>	<b>243.31</b>

**Gain on loss of control**

On 4 July 2019, the Parent Company completed the aforementioned transaction and accordingly, with effect from that date, Sona Holding BV Netherlands ceased to be Company's subsidiary. The sale of investment by the Company to SAHPL was carried out at a total consideration of ₹ 1,399.48 million as per the valuation report obtained from an independent expert. As per the aforementioned agreement, the Company has a put option to sell all the securities (19%) held in Sona Holding B.V., The Netherlands, by the Company along with its subsidiaries to SAHPL.

**SONA BLW PRECISION FORGINGS LIMITED****Summary of significant accounting policies and other explanatory information***(Figures in Million ₹, unless stated otherwise)*

Computation for gain on loss of control over subsidiary company (refer note below)		For the year ended 31 March 2020
Cash consideration	1,399.48	
Less: Cash and cash equivalent	388.36	
Net cash received	1,011.12	1,011.12
Net liabilities directly linked with asset held for sale (excluding cash and cash equivalent)		1,149.27
Fair value of investment retained at the date when control is lost		328.28
Carrying amount of non-controlling interests in the former subsidiary at the date when control is lost		24.23
FCTR released to statement of profit and loss		(192.37)
<b>Profit on disposal of subsidiary</b>		<b>2,320.53</b>

Subsequent to the completion of the said transaction, due to their ongoing financial difficulties, two of Sona BV's German subsidiaries (Sona Autocomp Germany GmbH, Subsidiary and SONA BLW Präzisionsschmiede GmbH, Step down subsidiary) filed for insolvency proceedings in self-administration on 28 January 2020. On 01 April 2020, Local Court of Wuppertal passed order for opening of insolvency proceedings in self-administration and appointed a custodian for the same. Further, due to subsequent lockdowns and business slowdown caused by spread of COVID-19 pandemic, the self-administration order was terminated and an insolvency administrator was appointed on 29 June 2020 by the Local Court. Businesses of the aforementioned two German subsidiaries have subsequently been sold by the insolvency administrator to a third party with economic effect from 1 October 2020.

Owing to the insolvency proceedings and acquisition of the businesses by a third party, despite the best efforts of the management of the Company, substantiated by multiple communications over electronic mail, it has not been able to obtain audited consolidated financial statements of Sona BV for the period 1 April 2019 to 4 July 2019. Accordingly, these consolidated financial statements have been prepared without consolidating the financial statements of Sona BV (along with its subsidiaries and step down subsidiaries) for the period it remained a subsidiary of the Parent Company i.e. 1 April 2019 to 4 July 2019 as required under Ind AS 110, Consolidated Financial Statements. Further, as a result, the disclosures made pursuant to the requirements of Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, presented under Note 49 do not include the financial information pertaining to aforesaid discontinued operations for the period from 1 April 2019 to 4 July 2020.

Had the Parent Company been able to obtain the consolidated financial statements of Sona Holding BV Netherlands for the period 1 April 2019 to 4 July 2019, the consolidated profit or loss of Sona Holding BV The Netherlands ("Sona BV") for the said period would have been presented as "Profit or Loss from Discontinued Operations" in the consolidated statement of profit and loss of the Parent Company for the year ended 31 March 2020, and there would have been a corresponding impact on "Gain on loss of control" included in "Exceptional item" of the Group for the year ended 31 March 2020.

The Parent Company has till date not been able to arrange the consolidated financial statements of Sona BV for the aforementioned period and accordingly, the modification in the auditors report dated 29 December 2020, could not be adjusted in these restated consolidated financial statements for the year ended 31 March 2020.

However, the non-consolidation of the financial statements of Sona BV for the period 1 April 2019 to 4 July 2019 does not have any effect on the consolidated profit of the Group for the year ended 31 March 2020 and its equity attributable to the owners as on that date. Similarly, the said non-consolidation does not have any effect on the consolidated profit of the Group or any of the balances for periods subsequent to 31 March 2020.

Basis above, the statutory auditors issued a qualified audit opinion on the consolidated financial statements for the year ended 31 March 2020.

**50 Write off of the investment in subsidiary**

The Parent Company had made a provision of impairment in value of investment in Sona Holding B.V., Netherlands amounting to Euro 6.90 million (equivalent to approx. ₹ 407.65 million) in its audited financial statements for the year ended 31 March 2016 as "Exceptional item" on account of bankruptcy application filed by Sona BLW Precision Forge Inc., USA, a step down subsidiary. After the consent of Board of Directors to write off the investment in Sona Holding B.V. Netherlands, Parent Company had filed an application to Reserve Bank of India through State Bank of India (i.e. authorized dealer) to obtain the approval on write off of the partial equity investment in Sona Holding B.V. Netherlands amounting to Euros 6.90 million. On 28 June 2019, Parent Company has received NOC for writing off equity investment of Euro 6.90 million vide RBI Letter (reference no. FE.CO.OID./7659/19.19.832/2018-19) and thereafter Parent Company has written off investment of ₹ 407.65 million in books of accounts.

**51 Proposed merger with Comstar Automotive Technologies Private Limited**

The Parent Company had filed a Scheme of Amalgamation under sections 230 to 232 of the Companies Act, 2013, read with the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016 before the NCLT Chandigarh (the "Scheme") on 10 January 2020. Pursuant to the Scheme, Comstar Automotive Technologies Private Limited is proposed to merge with the Parent Company from 5 July 2019, being the appointed date. The Scheme was approved by Board on 20 December 2019. The rationale for the proposed merger is for consolidation and simplification of existing structure and more focussed operational efforts, realising synergies in terms of compliance, governance, administration and costs, among other things. The first motion order was passed on 22 December 2020 dispensing with the requirement to convene the meeting of the equity shareholders, preference shareholder, secured creditors and unsecured creditors of both Companies. The Second motion petition has been filed on 27 December 2020. The Scheme is pending approval by the NCLT and is subject to receipt of requisite approvals and third party consents.

**52 Relinquishment of right**

In the board meeting on 12 Feb 2021 the board has approved waiver of the right to sell 19% shares in Sona Holding BV (put option) to Sona Autocomp at a pre-agreed consideration of Rs.19 million and a waiver of the right to buy 81% shares in Sona Holding BV (call option) from Sona Autocomp at a pre-agreed formula based price defined in ESA. The decision was made taking cognizance of the situation that Sona Holding B.V., The Netherlands now has no business operations left in any of its subsidiaries. Put option waiver was approved as a transaction not at arm's length whereas waiver of call option was approved as a transaction at arm's length. Accordingly, the carrying value for 19% investment in Sona B.V. of Rs.19 million as on 31st March 2020, has been taken as ₹ Nil as at 31 March 2021 and the resultant fair value loss has been booked under other comprehensive income.

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**53 Share based payments**

Sona BLW Precision Forging Limited Employee Stock Option Plan ('Sona BLW ESOP Plan') was approved by the Board of Directors and the shareholders of the Holding Company on 30 September 2020. The plan entitles employees of the Group to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. A description of the share based payment arrangement of the Group is given below:

Particulars	Sona BLW Precision Forging Limited Employee Stock Option Plan
Exercise Price	₹ 38.34
Grant date	01 October 2020
Vesting schedule	1,087,740 options 12 months after the grant date ('First vesting') 1,087,740 options 24 months after the grant date ('Second vesting') 1,087,740 options 36 months after the grant date ('Third vesting')
Exercise period	Stock options can be exercised within a period of 3 years from vesting date.
Number of share options granted (refer note 16 A)	3,263,220 The maximum number of shares that can granted under the ESOP Plan shall be 3,281,124 (Thirty two lakhs eight one thousand one hundred twenty four) shares out of which 3,263,220 (Thirty two lakhs sixty three thousand two hundred twenty) options were granted to the employees.
Method of settlement	Equity

Stock options will be settled by issue of equity shares of the Company. As per the plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹ 38.34 per option which against the fair market value of ₹ 79.17 per share determined on the date of grant, i.e. 1 October 2020.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The fair values of options granted were determined using Black-Scholes option pricing model that takes into account factors specific to the share incentive plans along with other external inputs. Expected volatility has been determined by reference to the average volatility for comparable companies for corresponding option term. The total expense recognised in the statements of profit and loss for the year ended 31 March 2021 was ₹ 45.37 million. The following principal assumptions were used in the valuation: Expected volatility was determined by comparison with peer companies, as the Company's shares are not presently publicly traded. The expected option life and average expected period to exercise, is assumed to be equal to the contractual maturity of the option. Dividend yield is taken as 1.6% based on the the expected dividend payout by the management. The risk-free rate is the rate associated with a risk-free security with the same maturity as the option. At each balance sheet date, the Group reviewed its estimates of the number of options that are expected to vest. The Group recognizes the impact of the revision to original estimates, if any, in the profit or loss in consolidated statement of comprehensive income, with a corresponding adjustment to 'retained earnings' in equity. The fair value of option using Black Scholes model and the inputs used for the valuation for options that have been granted during the reporting period are summarized as follows:

Particulars	First vesting	Second vesting	Third vesting
Grant date	01 October 2020	01 October 2020	01 October 2020
Vesting date	01 October 2021	01 October 2022	01 October 2023
Expiry date	01 October 2024	01 October 2025	01 October 2026
Fair value of option at grant date using Black Scholes model	44.38	46.28	47.72
Exercise price	38.34	38.34	38.34
Expected volatility of returns	46.19%	46.63%	46.51%
Term to expiry	2.5 years	3.5 years	4.5 years
Expected dividend yield	1.60%	1.60%	1.60%
Risk free interest rate	4.64%	5.04%	5.23%

The total outstanding and exercisable share options and weighted average exercise prices for the various categories of option holders during the reporting periods are as follows:

Particulars	Details
Options outstanding at the beginning of the period	Nil
Options vested	Nil
Options exercised	Nil
Options forfeited/ lapsed/ cancelled	Nil
Options outstanding (including vested and unvested options)	Unvested: 3,263,220
Total number of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options) (only for vested options)	Nil
Variation in terms of options	Per ESOP scheme
Money realised by exercise of options (in ₹ million)	Nil
Options outstanding at the period end	3,263,220
Options exercisable at the period end	Nil
Total number of options in force (excluding options not granted)	3,263,220
Weighted average remaining contractual life of outstanding options (in years)	4.75
Method used for accounting of share-based payment plans	The employee compensation cost has been calculated using the fair value method of accounting for Options issued under the Sona BLW ESOP Plan. The employee compensation cost as per fair value method for the year ended 31 March 2021 is ₹ 45.37 million.
Nature and extent of employee share based payment plans that existed during the period including the general terms and conditions of each plan	Each Option entitles the holder thereof to apply for and be allotted one Ordinary Shares of the Company upon payment of the exercise price during the exercise period. The exercise period commences from the date of vesting of the Options and expires at the end of three years from grant date
Employee wise details of options granted to	
(i) Key Managerial Personnel	Mr. Vivek Vikram Singh Mr. Rohit Nanda Mr. Ajay Pratap Singh Mr. Kiran Manohar Deshmukh Mr. Vikram Verma Vadaapalli Mr. Sat Mohan Gupta

Share based payment to Key Managerial Personnel for the year ended 31 March 2021 is ₹ 29.11 million

(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year

None

(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant

No options were granted to any identified employees during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant.

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**54 Reconciliation between audited profit, total comprehensive income & total equity attributable to owners and restated profit, total comprehensive income & total equity attributable to owners**

Reconciliation between audited profit and restated profit	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Profit as per audited financial statements</b>	3,651.12	1,718.50
<u>Ind AS 116 related adjustments (refer note A below)</u>		
Interest cost	-	(22.01)
Amortisation of right to use	-	(228.01)
Rent	-	270.02
Deferred tax charge / (credit)	-	(6.70)
Impact of Ind AS 116 on discontinued operations included under exceptional items	(47.69)	-
<b>Impact on profit</b>	<b>(47.69)</b>	<b>13.30</b>
<b>Restated profit</b>	<b>3,603.43</b>	<b>1,731.80</b>

Reconciliation between audited total comprehensive income and restated total comprehensive income	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Total comprehensive income as per audited financial statements</b>	<b>3,366.27</b>	<b>1,726.06</b>
Ind AS 116 related adjustments in profit	(47.69)	13.30
Impact of foreign currency translation reserve on account of Ind AS 116 adjustments	-	(1.76)
<b>Impact on total comprehensive income</b>	<b>(47.69)</b>	<b>11.54</b>
<b>Restated total comprehensive income</b>	<b>3,316.86</b>	<b>1,737.60</b>

Reconciliation between audited equity attributable to owners and restated equity attributable to owners	As at 31 March 2020	As at 31 March 2019
<b>Audited equity attributable to owners</b>	11,779.41	1,700.77
Impact of Ind AS 116 in the beginning of the year (net of tax)	-	25.46
Impact of Ind AS 116 for the year (net of tax)	-	11.54
<b>Impact on equity attributable to owners</b>	<b>-</b>	<b>37.00</b>
<b>Restated equity attributable to owners</b>	<b>11,779.41</b>	<b>1,737.77</b>

**Note A: Changes in accounting policies:**

**Ind AS 116** - Leases replaced the erstwhile accounting standard on lease accounting Ind AS 17 with effect from 01 April 2019. To ensure consistency of accounting policies in the restated consolidated financial statements, the Group has considered adoption of this revised accounting standard w.e.f 01 April 2017. The impact of Ind AS 116 has been adjusted in the respective years

**Note B:** There is no difference between audited profit, total comprehensive income and total equity and restated profit, total comprehensive income and total equity for the year ended and as at 31 March 2021.

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*
**55 Business Combinations**

Pursuant to terms of the Comstar Share Purchase Agreement and the approval of the Board of Directors and the shareholders in their meetings held on 5 July 2019, the Holding Company had acquired 100% equity shares (representing 100% voting interest) of Comstar Automotive Technologies Pvt. Ltd. (Comstar India) and Comstar Automotive Hong Kong Limited (Comstar HK) (together referred as “Comstar entities”), from Singapore VII Topco III Pte. Ltd., Singapore, as per details given below for expanding its product portfolio and capabilities to develop and integrate the powertrain and the drivetrain components.

Name of the Company	Consideration (USD in million)	Consideration (₹ in million)
Comstar Automotive Technologies Private Limited	120.69	8,290.00
Comstar Automotive Hong Kong Limited	3.31	227.00

The Company allocated purchase price in accordance with Ind AS 103 on business combinations. The fair value of net assets acquired was determined based on an appraisal of such net assets determined by an external expert on behalf of the management.

Particulars	(₹ in million)	
	Comstar Automotive Technologies Private Limited	Comstar Automotive Hong Kong Limited
Cash paid	8,355.53	229.45
Less: transaction cost incurred	(65.53)	(2.45)
<b>Total purchase consideration (A)</b>	<b>8,290.00</b>	<b>227.00</b>
Cash and cash equivalents acquired	192.00	107.00
<b>Net cash outflow</b>	<b>8,098.00</b>	<b>120.00</b>
<b>ASSETS</b>	<b>As at 5 July 2019</b>	<b>As at 5 July 2019</b>
<b>Non-current assets</b>		
Property, plant and equipment	579.00	95.00
Capital work-in-progress	44.00	2.00
Right-of-use assets	634.59	49.00
Other intangible assets (refer note a)	3,773.00	249.00
Intangible assets under development	160.00	-
Financial assets:		
(i) Other financial assets	8.00	-
Income tax assets (net)	220.00	-
Other non-current assets	48.00	-
<b>Total non-current assets</b>	<b>5,466.59</b>	<b>395.00</b>
<b>Current assets</b>		
Inventories	1,307.00	159.00
Financial assets		
Investments	59.00	-
(i) Trade receivables	1,087.00	111.00
(ii) Cash and cash equivalents	192.00	107.00
(iii) Loans	368.00	-
(iv) Other financial assets	45.38	2.00
Other current assets	200.74	91.01
<b>Total current assets</b>	<b>3,259.12</b>	<b>470.01</b>
<b>Total assets</b>	<b>8,725.71</b>	<b>865.01</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
(i) Lease liabilities	12.00	49.00
Provisions	34.00	-
Deferred tax liabilities (net) (refer note a)	1,015.01	45.79
<b>Total non-current liabilities</b>	<b>1,061.01</b>	<b>94.79</b>

**SONA BLW PRECISION FORGINGS LIMITED**
**Summary of significant accounting policies and other explanatory information**
*(Figures in Million ₹, unless stated otherwise)*

<b>LIABILITIES</b>	<b>As at 5 July 2019</b>	<b>As at 5 July 2019</b>
<b>Current liabilities</b>		
Financial liabilities		
(i) Borrowings	200.00	383.00
(ii) Trade payables		
-Total outstanding dues of micro enterprises and small enterprises	165.00	-
-Total outstanding dues of creditors other than micro enterprises and small enterprises	505.00	237.00
(iii) Lease liabilities	3.00	-
(iv) Other financial liabilities	47.00	-
Other current liabilities	65.00	3.00
Provisions	67.00	1.00
<b>Total current liabilities</b>	<b>1,052.00</b>	<b>624.00</b>
<b>Total liabilities</b>	<b>2,113.01</b>	<b>718.79</b>
<b>Net assets acquired (B)</b>	<b>6,612.70</b>	<b>146.22</b>
<b>Goodwill including assembled workforce(A-B)</b>	<b>1,677.30</b>	<b>80.79</b>

**Note:**

a) Customer relationships amounting to ₹ 3,760.00 million pertaining to Comstar Automotive Technologies Private Limited and ₹ 249.00 million pertaining to Comstar Automotive Hong Kong Limited has been identified as a part of purchase price allocation. Further, deferred tax liability on customer relationship amounting to ₹ 961.60 million (Comstar Automotive Technologies Private Limited) and ₹ 44.34 million (Comstar Automotive Hong Kong Limited) is also recognized.

b) Goodwill inc assembled workforce amounting to ₹ 1,758.09 million is on account of acquisition of Comstar Automotive Technologies Private Limited and Comstar Automotive Hong Kong Limited on 5 July 2019

The results of these subsidiaries, after elimination of inter company transactions and balances, as included in the consolidated statement of profit and loss for the period 5 July 2019 to 31 March, 2020 are given below :

	<b>For the period 5 July 2019 to 31 March 2020</b>	
	<b>Comstar Automotive Technologies Private Limited</b>	<b>Comstar Automotive Hong Kong Limited</b>
Total Revenue	4,165.00	828.00
Total Expenses	3,551.23	876.55
Profit before tax	644.77	(31.55)
Tax	167.03	2.36
Profit after tax	477.74	(33.91)
Total comprehensive income	562.74	(97.91)

Had the business combination been consummated on 1 April, 2019, the revenue and profit after tax would have changed as below:

	<b>Comstar Automotive Technologies Private Limited</b>	<b>Comstar Automotive Hong Kong Limited</b>
Revenue Increase	1,684.00	137.00
Profit after tax (Increase)/(Decrease)	357.91	(12.27)

**56 Foreign Direct Investment made by Singapore VII Topco III Pte Ltd**

During the year ended 31 March 2020, pursuant to the terms of the Shares Subscription and Share Purchase Agreement dated 16 October 2018 entered into by the Parent Company with Singapore VII Topco III Pte Ltd and the approval of the Board of Directors and the shareholders in their meetings held on 5 July 2019, the Parent Company has issued 22,028,503 equity shares having a face value of ₹ 10 per share and 594,436 compulsorily convertible preference shares having a face value of ₹ 10 per share at ₹ 374.83 per share. Pursuant to this, Company has recorded ₹ 220.29 million as equity share capital, ₹ 5.94 million as compulsorily convertible preference shares capital and ₹ 8,479.83 million under Securities Premium Account

**57 Goodwill and brand impairment testing**
**Goodwill**

As mentioned in Note 55 above, as on 5 July 2019, the Group acquired two entities, Comstar Automotive Technologies Private Limited ("Comstar India") and Comstar Automotive Hong Kong Limited ("Comstar Hongkong"), wherein the Group had recognized an amount of Rs 1,758.09 million as Goodwill including assembled workforce. Annual test for impairment of goodwill was carried out as at 31 March 2021 and 31 March 2020, details of which are outlined below. The outcome of the test indicated that the value in use of business was higher than its carrying value in those CGU's (Cash generating unit). Accordingly, no impairment charge has been recognized in the consolidated statement of profit and loss.

The recoverable amount of each CGU was determined based on value-in-use calculations using a discount rate ranging between 12.00%-14.00% reflecting current market assessments of the time value of money and risks specific to the business, covering a detailed four-year forecast with a compounded annual growth rate ranging between 1.50%-2.50%, followed by an extrapolation of expected cash flows using a terminal growth rate of approximately 3% as determined by the management.

## SONA BLW PRECISION FORGINGS LIMITED

### Summary of significant accounting policies and other explanatory information

(Figures in Million ₹, unless stated otherwise)

#### Brand

On 1 August 2018, the Parent Company acquired SONA Intellectual property rights ("Sona IP") and all intellectual property rights thereto from SONA Management Services Limited ("SMSL") having indefinite useful lives. This was due to the expectation of permanent use of acquired brand. The Group tests on an annual basis whether the brand is impaired based on the value-in-use concept of the entity basis certain inputs outlined below. As at 31 March 2021, 31 March 2020 and 31 March 2019, there was no impairment identified for the brand.

The recoverable amount of the entity was determined on the basis of value in use based on the present value of the expected future cash flows. This calculation uses cash flow projections based on the financial planning covering a five-year period in total. The management believes that any reasonable possible changes in the key assumptions would not cause the Brand's carrying amount to exceed its recoverable amount.

The recoverable amount of the brand was determined based on value-in-use calculations for the Parent company using a discount rate ranging between 14.00%-17.00% reflecting current market assessments of the time value of money and risks specific to the business as at the respective dates, covering a detailed five-year forecast with a growth rate ranging between 16.00%-18.00%, followed by an extrapolation of expected cash flows using a terminal growth rate ranging between 1.50%-3.00% as determined by the management.

#### Growth rates

The growth rates used are in line with the growth rate of the industry and the countries in which the entities operates and are consistent with the internal/external sources of information.

#### Discount rates

The discount rates take into the consideration market risk and specific risk factors of the entity. The cash flow projections are based on the forecasts made by the management.

#### Terminal growth rate

The terminal growth rate is the constant rate at which an entity is expected to grow at the end of the last forecasted cash flow period in a discounted cash flow model and goes into perpetuity.

#### Sensitivity

The management believes that any reasonable possible changes in the key assumptions would not cause the cash generating unit's carrying amount to exceed its recoverable amount.

- 58 In March 2020, the World Health Organization declared the COVID-19 to be a pandemic. Consequent to this, Government of India declared a nationwide lockdown on 25 March 2020, which has impacted the business activities of the Group. The Group has assessed the impact that may result from this pandemic on its liquidity position, carrying amount of receivables, inventories, tangible and intangible assets, investment and other assets / liabilities. In developing the assumptions relating to the possible future uncertainties in the global economic condition because of this pandemic, the Group has considered internal and external information available till the date of approval of these restated consolidated financial statements and has assessed its situation. Given the uncertainties of the pandemic, the final impact on the Group's assets in future may differ from that estimated as at the date of approval of these financial results, and the Group will continue to closely monitor any material changes to future economic conditions.

- 59 The Company filed its Draft Red Herring Prospectus with Securities & Exchange Board of India (SEBI) on 23 February 2021 for a proposed Initial Public Offering (IPO) of its equity shares.

The Issue related expenses include, among others, fees payable to the Book Running Lead Managers (BRLMs) and legal and professional fees, Accountants' fees relating to prospectus (Auditors' fee), Listing fees, advertising, marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

All Issue related expenses shall be shared by our Company and the Selling Shareholders in proportion to the number of Equity Shares being issued or offered, as the case may be, by each of them in the Fresh Issue and the Offer for Sale. Any payments by our Company in relation to the Issue on behalf of the Selling Shareholders shall be reimbursed by the Selling Shareholders to our Company in proportion to the Equity Shares being offered for sale by the Selling Shareholders in the Issue. However, in the event that the Issue is withdrawn by our Company or not completed for any reason whatsoever, all the Issue related expenses will be solely borne by our Company.

Basis relevant guidance available under Indian accounting standard, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received, if the entity settles the obligation. Considering the reimbursement of expense incurred is not virtually certain, management has decided to charge off ₹ 139.06 million to statement of profit and loss account as an exceptional item.

#### 60 Code on Social Security

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on 13 November 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company and its Indian subsidiaries will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective.

#### 61 Proposed transfer of Corporate Social Responsibility (CSR) Account

Consequent to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ("the Rules"), the Company has transferred ₹ 5 million the unspent amount relating to ongoing project for CSR for FY 2020-21 in a 'Unspent Corporate Social Responsibility Account (UCSRA)' as on 16 April 2021. Further, one of the Subsidiary Company is required to transfer an amount of ₹ 9.86 million to 'Unspent Corporate Social Responsibility Account (UCSRA)' by 30 April 2021.

**SONA BLW PRECISION FORGINGS LIMITED**

**Summary of significant accounting policies and other explanatory information**

*(Figures in Million ₹, unless stated otherwise)*

**62 Authorization of restated consolidated financial information**

The restated consolidated financial information were approved by the Board of Directors on 27 April 2021.

Summary of significant accounting policies and other explanatory information

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Registration No. : 001076N/N500013

For and on behalf of the Board of Directors of  
**SONA BLW PRECISION FORGINGS LIMITED**

**Arun Tandon**  
Partner  
Membership No: 517273

**Sunjay Kapur**  
Non Executive Chairman  
DIN: 00145529

**Vivek Vikram Singh**  
Managing Director and Group  
Chief Executive Officer  
DIN: 07698495

**Rohit Nanda**  
Group Chief Financial Officer

**Ajay Pratap Singh**  
Company Secretary  
M.No. - ACS-5253

Place: New Delhi  
Date: 27 April 2021

Place: Gurugram  
Date: 27 April 2021



**PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**

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# Walker Chandiok & Co LLP

**Walker Chandiok & Co LLP**  
(Formerly Walker, Chandiok & Co)  
L-41 Connaught Circus  
New Delhi 110001  
India

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## **Independent Practitioner's report on the compilation of Pro-forma Consolidated Financial Information to be included in the Red Herring Prospectus ('RHP') in connection with proposed Initial Public Offer of equity shares ('proposed IPO') by Sona BLW Precision Forgings Limited**

To,  
The Board of Directors,  
Sona BLW Precision Forgings Limited  
Sona Enclave Village Begumpur Khatola,  
Sector 35, Gurugram, Haryana, India

Dear Sirs,

1. We have completed our assurance engagement to report on the compilation of Pro-forma Consolidated Financial Information of Sona BLW Precision Forgings Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as '**the Group**') (Refer Annexure – I for the list of subsidiaries included in the Pro-forma Consolidated Financial Information). The Pro-forma Consolidated Financial Information consists of the Pro-forma Consolidated Balance Sheet as at 31 March 2021, 31 March 2020 and 31 March 2019, the Pro-forma Consolidated Statement of Profit and Loss for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 and related notes (hereinafter referred as 'Pro-forma Consolidated Financial Information'). The applicable criteria on the basis of which the management has compiled the Pro-forma Consolidated Financial information are specified in the "Basis of preparation paragraph" as described in note 2 to the Pro-forma Consolidated Financial Information.
2. The Pro-forma Consolidated Financial Information has been compiled by Management to illustrate the impact of a significant acquisition made during year ended 31 March 2020 as set out in Note 1, on the Company's financial position as at 31 March 2019 and its financial performance and cash flows for the years ended 31 March 2020 and 31 March 2019 as if the acquisition had taken place at 1 April 2018. Further, the erstwhile subsidiary of the Holding Company, Sona Holding B.V. The Netherlands, along with its subsidiaries and step down subsidiaries, which were disposed off with effect from 4 July 2019 and the erstwhile associate of the Holding Company, Sona Skill Development Centre Limited, which was disposed off with effect from 6 December 2018, have not been considered for consolidation by Management in the accompanying Pro-forma Consolidated Financial information.

As a part of this process, information about the Group's financial position and financial performance has been extracted by Management from the following financial statements / financial information:

- a) Audited standalone financial statements of the Holding Company for the years ended as at 31 March 2020 and 31 March 2019, on which we have issued unmodified audit opinions dated 14 August 2020 and 5 July 2019, respectively;
- b) Audited consolidated financial statements of the Holding Company for the year ended and as at 31 March 2021 on which we have issued modified audit opinion dated 27 April 2021;

Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurgaon, Hyderabad, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiok & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

**Independent Practitioner's report on the compilation of Pro-forma Consolidated Financial Information to be included in the Red Herring Prospectus ('RHP') in connection with proposed Initial Public Offer of equity shares ('proposed IPO') by Sona BLW Precision Forgings Limited (Contd.)**

- c) Audited consolidated financial statements of Comstar Automotive Technologies Private Limited for the years ended as at 31 March 2020 and 31 March 2019, on which we have issued unmodified audit opinions dated 14 August 2020 and 30 May 2019, respectively; and
- d) Audited consolidated special purpose financial information of Comstar Automotive Hong Kong Limited for the years ended as at 31 March 2020 and 31 March 2019, on which we have issued unmodified audit opinions dated 12 February 2021.

**Management's Responsibility for the Pro-forma Consolidated Financial Information**

- 3. The Management is responsible for compiling the Pro-forma Consolidated Financial Information on the basis stated in note 2 to the Pro-forma Consolidated Financial Information and the same has been approved by the Board of Directors of the Company. Management's responsibility includes the responsibility for designing, implementing and maintaining internal control relevant for compiling the Pro-forma Consolidated Financial Information on the basis stated in note 2 to the Pro-forma Consolidated Financial Information that is free from material misstatement, whether due to fraud or error. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities, including compliance with the provisions of the laws and regulations for the compilation of Pro-forma Consolidated Financial Information.

**Practitioner's Responsibilities**

- 4. Our responsibility is to express an opinion, about whether the Pro-forma Consolidated Financial Information of the Group has been compiled, in all material respects, by the Management on the basis stated in note 2 to the Pro-forma Consolidated Financial Information.
- 5. We conducted our engagement in accordance with Standard on Assurance Engagements (SAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the Institute of Chartered Accountants of India. This Standard requires that the practitioner comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Management has compiled, in all material respects, the Pro-forma Consolidated Financial Information on the basis stated in note 2 to the Pro-forma Consolidated Financial Information.
- 6. For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro-forma Consolidated Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro-forma Consolidated Financial Information. For this engagement, we have placed reliance on standalone/consolidated audited financial statements / financial information as referred to in paragraph 2 above.
- 7. The purpose of Pro-forma Consolidated Financial Information included in a RHP is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 1 April 2018 with consequential impact during the years ended 31 March 2020 and 31 March 2019 would have been as presented.
- 8. A reasonable assurance engagement to report on whether the Pro-forma Consolidated Financial Information has been compiled, in all material respects, on the basis stated in note 2 to the Pro-forma Consolidated Financial Information, involves performing procedures to assess whether the applicable criteria used by the Management in the compilation of the Pro-forma Consolidated Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:
  - The related pro-forma adjustments give appropriate effect to those criteria; and
  - The Pro-forma Consolidated Financial Information reflects the proper application of those adjustments to the unadjusted financial information.
- 9. The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the company, the event or transaction in respect of which the pro-forma financial information has been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the pro-forma financial information. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independent Practitioner's report on the compilation of Pro-forma Consolidated Financial Information to be included in the Red Herring Prospectus ('RHP') in connection with proposed Initial Public Offer of equity shares ('proposed IPO') by Sona BLW Precision Forgings Limited (Contd.)**

10. Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

**Opinion**

11. In our opinion, the Pro-forma Consolidated Financial Information has been compiled, in all material respects, on the basis stated in note 2 to the Pro-forma Consolidated Financial Information.

**Restrictions on Use**

12. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit report issued by us.
13. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
14. Our report is intended solely for use of the Board of Directors for inclusion in the RHP to be filed with Securities Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and the Registrar of Companies, Delhi in connection with the proposed IPO of the Company. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No.: 001076N/N500013

**Arun Tandon**

Partner

Membership No.: 517273

UDIN: 21517273AAAABZ7130

**Place:** New Delhi

**Date:** 27 April 2021

## **Annexure - I**

### **List of entities included in Pro-forma Consolidated Financial Information**

#### **Name of the company**

1. SONA BLW Precision Forgings Limited

#### **Name of the subsidiaries**

1. Comstar Automotive Technologies Private Limited
2. Comstar Automotive USA LLC (subsidiary of Comstar Automotive Technologies Private Limited)
3. Comstar Automotive Technologies Services Private Limited (subsidiary of Comstar Automotive Technologies Private Limited)
4. Comstar Automotive Hong Kong Limited
5. Comestel Automotive Technologies Mexicana Ltd (subsidiary of Comstar Automotive Hong Kong Limited)
6. Comstar Automotive (Hangzhou) Co., Ltd (subsidiary of Comstar Automotive Hong Kong Limited)
7. Comstar Hong Kong Mexico No. 1, LLC (subsidiary of Comstar Automotive Hong Kong Limited)
8. Comenergia Automotive Technologies Mexicana, S. DE R.L. DE C.V (subsidiary of Comstar Automotive Hong Kong Limited)
9. Comestel Automotive Technologies Mexicana, S. DE R.L. DE C.V (subsidiary of Comestel Automotive Technologies Mexicana Limited)
10. Sona Comstar E drive Private Limited

**SONA BLW PRECISION FORGINGS LIMITED**
**Pro-forma consolidated balance sheet**
*(Figures in Million ₹, unless stated otherwise)*

	Notes	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
		Consolidated amount	Adjustments	Total	Consolidated amount	Adjustments	Total	Consolidated amount	Adjustments	Total
		(refer note 2)	(refer note 3)		(refer note 2)	(refer note 3)		(refer note 2)	(refer note 3)	
		Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
<b>ASSETS</b>										
<b>Non-current assets</b>										
Property, plant and equipment	4	3,449.02	-	3,449.02	2,845.07	-	2,845.07	2,698.98	(239.56)	2,459.42
Capital work-in-progress		821.36	-	821.36	581.37	-	581.37	180.67	-	180.67
Right-of-use assets	4	1,592.65	-	1,592.65	1,419.41	-	1,419.41	-	1,049.20	1,049.20
Goodwill on consolidation (including assembled workforce)	5	1,758.09	-	1,758.09	1,758.09	-	1,758.09	-	1,758.09	1,758.09
Intangible assets	5	5,366.21	-	5,366.21	4,629.18	-	4,629.18	735.92	4,078.51	4,814.43
Intangible assets under development		10.76	-	10.76	315.00	-	315.00	85.00	-	85.00
Financial assets										
Investments	6(A)	-	-	-	19.00	-	19.00	328.27	-	328.27
Loans	7	57.77	-	57.77	50.79	-	50.79	30.14	-	30.14
Other financial assets	8	-	-	-	0.87	-	0.87	38.11	-	38.11
Income tax assets (net)	9	186.74	-	186.74	291.42	-	291.42	280.24	-	280.24
Other non-current assets	10	296.23	-	296.23	278.49	-	278.49	179.98	(20.57)	159.41
<b>Total non-current assets</b>		<b>13,538.83</b>	<b>-</b>	<b>13,538.83</b>	<b>12,188.69</b>	<b>-</b>	<b>12,188.69</b>	<b>4,557.31</b>	<b>6,625.67</b>	<b>11,182.98</b>
<b>Current assets</b>										
Inventories	11	3,055.57	-	3,055.57	1,962.36	-	1,962.36	1,838.11	-	1,838.11
Financial assets										
Investments	6(B)	-	-	-	-	-	-	129.00	-	129.00
Trade receivables	12	4,169.87	-	4,169.87	2,336.28	-	2,336.28	2,732.98	-	2,732.98
Cash and cash equivalents	13	249.48	-	249.48	1,049.85	-	1,049.85	360.94	-	360.94
Bank balances other than cash and cash equivalents	14	26.27	-	26.27	623.08	-	623.08	254.12	-	254.12
Loans	7	15.07	-	15.07	4.92	-	4.92	1.19	-	1.19
Other financial assets	8	151.65	-	151.65	5.30	-	5.30	35.93	121.08	157.01
Income tax assets (net)	9	-	-	-	-	-	-	-	-	-
Other current assets	10	541.56	-	541.56	336.34	-	336.34	350.08	(0.30)	349.78
<b>Total current assets</b>		<b>8,209.47</b>	<b>-</b>	<b>8,209.47</b>	<b>6,318.13</b>	<b>-</b>	<b>6,318.13</b>	<b>5,702.35</b>	<b>120.78</b>	<b>5,823.13</b>
Assets held for sale (Investment in Sona BV)		-	-	-	-	-	-	1,399.48	-	1,399.48
<b>Total assets</b>		<b>21,748.30</b>	<b>-</b>	<b>21,748.30</b>	<b>18,506.82</b>	<b>-</b>	<b>18,506.82</b>	<b>11,659.14</b>	<b>6,746.45</b>	<b>18,405.59</b>
<b>EQUITY AND LIABILITIES</b>										
<b>Equity</b>										
Equity share capital	15(A)	5,729.80	-	5,729.80	471.54	-	471.54	1,043.18	(766.00)	277.18
Instruments entirely equity in nature	15(B)	-	-	-	5.94	-	5.94	-	-	-
Equity and convertible preference shares to be issued	15(C)	-	-	-	-	-	-	-	8,706.06	8,706.06
Other equity	16	7,309.21	-	7,309.21	11,301.93	-	11,301.93	6,417.74	(2,801.68)	3,616.06
<b>Total equity</b>		<b>13,039.01</b>	<b>-</b>	<b>13,039.01</b>	<b>11,779.41</b>	<b>-</b>	<b>11,779.41</b>	<b>7,460.92</b>	<b>5,138.38</b>	<b>12,599.30</b>

**SONA BLW PRECISION FORGINGS LIMITED**
**Pro-forma consolidated balance sheet**
*(Figures in Million ₹, unless stated otherwise)*

	Notes	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
		Consolidated amount	Adjustments	Total	Consolidated amount	Adjustments	Total	Consolidated amount	Adjustments	Total
		(refer note 2)	(refer note 3)		(refer note 2)	(refer note 3)		(refer note 2)	(refer note 3)	
		Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
<b>LIABILITIES</b>										
<b>Non-current liabilities</b>										
Financial liabilities										
Borrowings	17(i)	1,907.01	-	1,907.01	1,768.22	-	1,768.22	733.07	-	733.07
Lease liabilities	18	720.15	-	720.15	532.33	-	532.33	-	180.61	180.61
Other financial liabilities	19	1.24	-	1.24	1.24	-	1.24	1.24	-	1.24
Provisions	20	86.78	-	86.78	66.78	-	66.78	56.82	-	56.82
Deferred tax liabilities (net)	21	1,260.22	-	1,260.22	1,076.71	-	1,076.71	121.93	1,401.31	1,523.24
<b>Total non-current liabilities</b>		<b>3,975.40</b>	<b>-</b>	<b>3,975.40</b>	<b>3,445.28</b>	<b>-</b>	<b>3,445.28</b>	<b>913.06</b>	<b>1,581.92</b>	<b>2,494.98</b>
<b>Current liabilities</b>										
Financial liabilities										
Borrowings	17(ii)	1,144.99	-	1,144.99	846.09	-	846.09	620.10	-	620.10
Trade payables	22									
-Total outstanding dues of micro enterprises and small enterprises		495.83	-	495.83	166.99	-	166.99	269.77	-	269.77
-Total outstanding dues of creditors other than micro enterprises and small enterprises		1,745.26	-	1,745.26	995.26	-	995.26	1,123.44	-	1,123.44
Lease liabilities	18	105.27	-	105.27	71.73	-	71.73	-	26.15	26.15
Other financial liabilities	19	828.79	-	828.79	922.65	-	922.65	1,056.44	-	1,056.44
Other current liabilities	23	170.77	-	170.77	110.35	-	110.35	143.94	-	143.94
Provisions	20	72.69	-	72.69	51.06	-	51.06	70.76	-	70.76
Current tax liabilities (net)	24	170.29	-	170.29	118.00	-	118.00	0.71	-	0.71
<b>Total current liabilities</b>		<b>4,733.89</b>	<b>-</b>	<b>4,733.89</b>	<b>3,282.13</b>	<b>-</b>	<b>3,282.13</b>	<b>3,285.16</b>	<b>26.15</b>	<b>3,311.31</b>
<b>Total liabilities</b>		<b>8,709.29</b>	<b>-</b>	<b>8,709.29</b>	<b>6,727.41</b>	<b>-</b>	<b>6,727.41</b>	<b>4,198.22</b>	<b>1,608.07</b>	<b>5,806.29</b>
<b>Total equity and liabilities</b>		<b>21,748.30</b>	<b>-</b>	<b>21,748.30</b>	<b>18,506.82</b>	<b>-</b>	<b>18,506.82</b>	<b>11,659.14</b>	<b>6,746.45</b>	<b>18,405.59</b>

Summary of accounting policies and significant 1 to 40 explanatory information.

This is the pro-forma consolidated balance sheet referred to in our report of even date.

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No. : 001076N/N500013

**Arun Tandon**

Partner

Membership No: 517273

**Sunjay Kapur**

Non Executive Chairman

DIN: 00145529

**Rohit Nanda**

Group Chief Financial Officer

For and on behalf of the Board of Directors of  
**SONA BLW PRECISION FORGINGS LIMITED**

**Vivek Vikram Singh**

Managing Director and Group

Chief Executive Officer

DIN: 07698495

**Ajay Pratap Singh**

Company Secretary

M.No. - ACS-5253

**Place:** New Delhi

**Date:** 27 April 2021

**Place:** Gurugram

**Date:** 27 April 2021

**SONA BLW PRECISION FORGINGS LIMITED**  
**Pro-forma consolidated statement of profit and loss**  
*(Figures in Million ₹, unless stated otherwise)*

	Notes	For the year ended 31 March 2021			For the year ended 31 March 2020			For the year ended 31 March 2019		
		Consolidated amount	Adjustments	Total	Consolidated amount	Adjustments	Total	Consolidated amount	Adjustments	Total
		(refer note 2)	(refer note 3)		(refer note 2)	(refer note 3)		(refer note 2)	(refer note 3)	
		Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
<b>Income</b>										
Revenue from operations	25	15,663.00	-	15,663.00	12,200.91	-	12,200.91	14,277.20	-	14,277.20
Other income	26	23.41	-	23.41	75.83	-	75.83	57.81	-	57.81
<b>Total income</b>		<b>15,686.41</b>	<b>-</b>	<b>15,686.41</b>	<b>12,276.74</b>	<b>-</b>	<b>12,276.74</b>	<b>14,335.01</b>	<b>-</b>	<b>14,335.01</b>
<b>Expenses</b>										
Cost of materials consumed		7,094.78	-	7,094.78	5,368.30	(251.00)	5,117.30	5,616.41	-	5,616.41
Changes in inventories of finished goods and work-in-progress	27	(641.68)	-	(641.68)	22.05	-	22.05	168.92	-	168.92
Employee benefits expense	28	1,474.49	-	1,474.49	1,222.30	-	1,222.30	1,238.04	-	1,238.04
Finance costs	29	325.15	-	325.15	268.75	-	268.75	177.19	20.67	197.86
Depreciation and amortization expense	30	969.40	-	969.40	710.31	71.54	781.85	428.54	293.91	722.45
Other expenses	31	3,325.25	-	3,325.25	2,653.69	(67.98)	2,585.71	3,157.02	(25.62)	3,131.40
<b>Total expenses</b>		<b>12,547.39</b>	<b>-</b>	<b>12,547.39</b>	<b>10,245.40</b>	<b>(247.44)</b>	<b>9,997.96</b>	<b>10,786.12</b>	<b>288.96</b>	<b>11,075.08</b>
<b>Profit before exceptional item and tax</b>		<b>3,139.02</b>	<b>-</b>	<b>3,139.02</b>	<b>2,031.34</b>	<b>247.44</b>	<b>2,278.78</b>	<b>3,548.89</b>	<b>(288.96)</b>	<b>3,259.93</b>
Exceptional item		139.06	-	139.06	-	-	-	-	-	-
<b>Profit before tax</b>		<b>2,999.96</b>	<b>-</b>	<b>2,999.96</b>	<b>2,031.34</b>	<b>247.44</b>	<b>2,278.78</b>	<b>3,548.89</b>	<b>(288.96)</b>	<b>3,259.93</b>
Tax expense	33									
- Current tax		666.02	-	666.02	506.08	-	506.08	1,145.35	-	1,145.35
- Tax related to previous years		-	-	-	5.97	-	5.97	5.17	-	5.17
- Deferred tax charge		182.29	-	182.29	(110.98)	(339.51)	(450.49)	91.45	(110.79)	(19.34)
<b>Total tax expense</b>		<b>848.31</b>	<b>-</b>	<b>848.31</b>	<b>401.07</b>	<b>(339.51)</b>	<b>61.56</b>	<b>1,241.97</b>	<b>(110.79)</b>	<b>1,131.18</b>
<b>Profit for the year</b>		<b>2,151.65</b>	<b>-</b>	<b>2,151.65</b>	<b>1,630.27</b>	<b>586.95</b>	<b>2,217.22</b>	<b>2,306.92</b>	<b>(178.17)</b>	<b>2,128.75</b>
<b>Other comprehensive income</b>										
<u>Items that will not be reclassified to profit or loss</u>										
Remeasurements of defined benefit obligations		4.86	-	4.86	6.28	-	6.28	1.98	-	1.98
Income tax relating to above mentioned item		(1.22)	-	(1.22)	(1.57)	-	(1.57)	(0.64)	-	(0.64)
Changes in fair values of equity instruments carried at fair value through other comprehensive income		(19.00)	-	(19.00)	(309.28)	-	(309.28)	517.71	-	517.71
<u>Items that will be reclassified to profit or loss</u>										
Exchange difference on translation of foreign subsidiaries		2.92	-	2.92	5.00	-	5.00	40.00	-	40.00
<b>Other comprehensive (loss)/income for the year, net of tax</b>		<b>(12.44)</b>	<b>-</b>	<b>(12.44)</b>	<b>(299.57)</b>	<b>-</b>	<b>(299.57)</b>	<b>559.05</b>	<b>-</b>	<b>559.05</b>
<b>Total comprehensive income for the year</b>		<b>2,139.21</b>	<b>-</b>	<b>2,139.21</b>	<b>1,330.70</b>	<b>586.95</b>	<b>1,917.65</b>	<b>2,865.97</b>	<b>(178.17)</b>	<b>2,687.80</b>



**SONA BLW PRECISION FORGINGS LIMITED**  
**Pro-forma consolidated statement of profit and loss**  
*(Figures in Million ₹, unless stated otherwise)*

	Notes	For the year ended 31 March 2021			For the year ended 31 March 2020			For the year ended 31 March 2019		
		Consolidated amount	Adjustments	Total	Consolidated amount	Adjustments	Total	Consolidated amount	Adjustments	Total
		(refer note 2)	(refer note 3)		(refer note 2)	(refer note 3)		(refer note 2)	(refer note 3)	
		Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
<b>Pro-forma Earnings per equity share of face value of ₹ 10 each</b>										
Basic earnings per share (in ₹)	37			3.76			3.87			3.72
Diluted earnings per share (in ₹)	37			3.75			3.87			3.72

Summary of accounting policies and significant explanatory information. 1 to 40

This is the pro-forma consolidated statement of profit and loss referred to in our report of even date.

**For Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Registration No. : 001076N/N500013

**For and on behalf of the Board of Directors of  
SONA BLW PRECISION FORGINGS LIMITED**

**Arun Tandon**  
Partner  
Membership No: 517273

**Sunjay Kapur**  
Non Executive Chairman  
DIN: 00145529

**Vivek Vikram Singh**  
Managing Director and Group  
Chief Executive Officer  
DIN: 07698495

**Rohit Nanda**  
Group Chief Financial Officer

**Ajay Pratap Singh**  
Company Secretary  
M.No. - ACS-5253

Place: New Delhi  
Date: 27 April 2021

Place: Gurugram  
Date: 27 April 2021

**SONA BLW PRECISION FORGINGS LIMITED**
**Pro-forma consolidated cash flow statement**
*(Figures in Million ₹, unless stated otherwise)*

	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>A. Cash flows from operating activities</b>			
Profit before income tax	2,999.96	2,278.78	3,259.93
Adjustments for:			
Depreciation and amortization expense	969.40	781.85	722.45
Loss on sale of property plant and equipment (net)	2.92	5.25	3.67
(Gain)/loss on allowance for doubtful receivables and advances	(3.63)	3.52	2.01
Unwinding of discount on fair valuation of security deposits	(0.70)	(0.84)	0.10
Amortization of transaction cost based on effective interest rate	(2.32)	(0.68)	0.61
Unwinding of discount on deferred payment liabilities	1.07	4.02	4.76
Provision for slow moving inventory	31.86	0.80	7.92
Provision for warranty	-	(10.00)	6.00
Liabilities/ provisions no longer required written back	-	-	(4.62)
Fair value (gain)/loss on derivatives	(374.24)	254.62	(16.47)
Profit on sale of investments	0.15	(24.00)	(13.00)
Finance costs	325.15	268.75	197.86
Interest income	(28.80)	(30.91)	(30.33)
Unrealized foreign exchange (gain)	59.72	(44.25)	(39.91)
Share based payments	45.37	-	-
<b>Operating profit before working capital changes</b>	<b>4,025.91</b>	<b>3,486.91</b>	<b>4,100.98</b>
<b>Changes in operating assets and liabilities</b>			
Movement in inventories	(1,129.20)	(100.44)	59.72
Movement in trade receivables	(1,922.55)	611.55	(345.92)
Movement in other financial asset	15.67	(58.61)	352.84
Movement in other assets	(181.38)	3.02	(66.74)
Movement in trade payable	1,084.94	(390.72)	(233.94)
Movement in financial liabilities	(58.13)	(26.16)	(32.60)
Movement in provision	60.29	12.54	(13.52)
Movement in other liabilities	59.88	(47.58)	32.68
<b>Cash generated from operations</b>	<b>1,955.43</b>	<b>3,490.51</b>	<b>3,853.50</b>
Direct taxes paid	(528.17)	(398.09)	(1,164.07)
<b>Net cash flow generated from operating activities - Total (A)</b>	<b>1,427.26</b>	<b>3,092.42</b>	<b>2,689.43</b>
<b>B. Cash flows from investing activities</b>			
Payments for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances	(2,189.37)	(2,240.59)	(1,163.88)
Proceeds from sale of property, plant and equipment	9.07	1.19	3.67
Movement in bank deposits (net)	597.79	(331.72)	(265.45)
Amount received on sale of investment in subsidiary	-	1,399.48	-
Purchase of current investments (net)	-	163.00	85.51
Purchase of long term investments	(0.10)	-	-
Acquisition of subsidiaries (Comstar Group)	-	(8,517.00)	-
Interest received	21.97	38.91	33.33
<b>Net cash used in investing activities - Total (B)</b>	<b>(1,560.64)</b>	<b>(9,486.73)</b>	<b>(1,306.82)</b>
<b>C. Cash flows from financing activities</b>			
Proceeds from short term borrowings, net	298.52	225.99	39.59
Proceeds from long term borrowings	717.57	1,607.55	693.18
Repayment of long term borrowings	(407.97)	(373.66)	(954.76)
Repayment of deferred payment liabilities	(12.47)	(86.44)	(1.57)
Repayment of Lease liabilities	(91.34)	(53.88)	(25.62)
Dividends	(904.02)	(1,532.09)	(1,032.00)
Dividend Tax	-	(198.99)	-
Proceeds from issue of equity shares	-	8,477.30	-
Proceeds from issue of compulsorily convertible preference shares	-	228.76	-
Buyback of shares	-	(814.21)	-
Fees paid for increase in authorized share capital	-	(8.72)	-
Tax paid on buy back of shares	(20.97)	(183.64)	-
Interest paid	(246.31)	(204.75)	(175.19)
<b>Net cash (used in)/generated from financing activities - Total (C)</b>	<b>(666.99)</b>	<b>7,083.22</b>	<b>(1,456.37)</b>

**SONA BLW PRECISION FORGINGS LIMITED**

**Pro-forma consolidated cash flow statement**

*(Figures in Million ₹, unless stated otherwise)*

	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>D. Net (decrease)/increase in cash and cash equivalents (A)+(B)+(C)</b>	<b>(800.37)</b>	<b>688.91</b>	<b>(73.76)</b>
<b>E. Cash and cash equivalents at the beginning of the year</b>	<b>1,049.85</b>	<b>360.94</b>	<b>434.70</b>
<b>F. Cash and cash equivalents at the end of the year (D)+(E)</b>	<b>249.48</b>	<b>1,049.85</b>	<b>360.94</b>
<b>Reconciliation of cash and cash equivalents as per the cash flow statement</b>			
Cash and cash equivalents as per above comprise of the following:			
Balances in current accounts	247.98	445.43	360.84
Cash on hand	0.10	0.14	0.10
Bank deposits with original maturity of less than three months	1.40	604.28	-
<b>Balances per statement of cash flows</b>	<b>249.48</b>	<b>1,049.85</b>	<b>360.94</b>

Summary of accounting policies and significant explanatory information.

This is the pro-forma consolidated statement of cash flows referred to in our report of even date.

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No. : 001076N/N500013

**For and on behalf of the Board of Directors of  
SONA BLW PRECISION FORGINGS LIMITED**

**Arun Tandon**

Partner

Membership No: 517273

**Sunjay Kapur**

Non Executive Chairman

DIN: 00145529

**Vivek Vikram Singh**

Managing Director and Group

Chief Executive Officer

DIN: 07698495

**Rohit Nanda**

Group Chief Financial Officer

**Ajay Pratap Singh**

Company Secretary

M.No. - ACS-5253

Place: New Delhi

Date: 27 April 2021

Place: Gurugram

Date: 27 April 2021

**SONA BLW PRECISION FORGINGS LIMITED**  
**Pro-forma consolidated statement of changes in equity**  
*(Figures in Million ₹, unless stated otherwise)*

**A. Equity share capital**

	Amount
<b>Balance as at 1 April 2018</b>	<b>277.18</b>
Changes in equity share capital during the year	-
<b>Balance as at 31 March 2019</b>	<b>277.18</b>
Issue of shares	220.29
Buyback of shares	(25.93)
<b>Balance as at 31 March 2020</b>	<b>471.54</b>
Conversion of compulsory convertible preference shares into equity shares	5.94
Bonus shares issued during the year	5,252.32
<b>Balance as at 31 March 2021</b>	<b>5,729.80</b>

**B. Instruments entirely equity in nature**

	Amount
<b>Balance as at 1 April 2018</b>	<b>-</b>
Issue of compulsory convertible preference shares during the year	-
<b>Balance as at 31 March 2019</b>	<b>-</b>
Issue of compulsory convertible preference shares during the year	5.94
<b>Balance As at 31 March 2020</b>	<b>5.94</b>
Conversion of compulsory convertible preference shares into equity shares	(5.94)
<b>Balance As at 31 March 2021</b>	<b>-</b>

**C. Equity and preference shares to be issued**

	Amount
<b>Balance as at 1 April 2018</b>	<b>8,706.06</b>
Issue of compulsory convertible preference shares during the year	-
<b>Balance as at 31 March 2019</b>	<b>8,706.06</b>
Less: Issuance of equity share	(220.29)
Less: Issuance of preference share	(5.94)
Less: Transferred to security premium	(8,479.83)
<b>Balance As at 31 March 2020</b>	<b>-</b>
Changes in equity and preference shares to be issued	-
<b>Balance As at 31 March 2021</b>	<b>-</b>

**D. Other equity**

	General reserve	Securities premium	Foreign currency translation reserve	Equity instruments through other comprehensive income	Capital redemption reserve	Employee's stock options reserve	Roll back reserve (refer note 3(c)(iii) & (iv))	Retained earnings	Total
<b>Balance as at 1 April 2018</b>	<b>120.00</b>	<b>382.14</b>	<b>(6.00)</b>	<b>(517.71)</b>	<b>-</b>	<b>-</b>	<b>(256.12)</b>	<b>2,237.95</b>	<b>1,960.26</b>
Profit for the year	-	-	-	-	-	-	-	2,128.75	2,128.75
Remeasurements of defined benefit obligations, net of tax	-	-	-	-	-	-	-	1.34	1.34
Dividend paid	-	-	-	-	-	-	-	(896.00)	(896.00)
Tax on dividend paid	-	-	-	-	-	-	-	(136.00)	(136.00)
Net changes in fair values of equity instruments carried at fair value through other comprehensive income	-	-	-	517.71	-	-	-	-	517.71
Foreign currency translation reserve	-	-	40.00	-	-	-	-	-	40.00
<b>Balance as at 31 March 2019</b>	<b>120.00</b>	<b>382.14</b>	<b>34.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(256.12)</b>	<b>3,336.04</b>	<b>3,616.06</b>
Profit for the year	-	-	-	-	-	-	-	2,217.22	2,217.22
Remeasurements of defined benefit obligations, net of tax	-	-	-	-	-	-	-	4.71	4.71
Premium on fresh issue of equity shares	-	8,479.83	-	-	-	-	-	-	8,479.83
Premium on buy back of shares	-	(788.28)	-	-	-	-	-	-	(788.28)
Tax paid on buy back of shares	-	(183.64)	-	-	-	-	-	-	(183.64)
Stamp duty paid for increase in authorized share capital	-	(8.72)	-	-	-	-	-	-	(8.72)
Dividend paid	-	-	-	-	-	-	-	(1,442.00)	(1,442.00)
Tax on dividend	-	-	-	-	-	-	-	(288.97)	(288.97)
Net changes in fair values of equity instruments carried at fair value through other comprehensive income	-	-	-	(309.28)	-	-	-	-	(309.28)
Foreign currency translation reserve	-	-	5.00	-	-	-	-	-	5.00
Transfer to Capital redemption reserve from retained earnings	-	-	-	-	25.93	-	-	(25.93)	-
Transferred to retained earnings upon acquisition	-	-	(25.00)	-	-	-	256.12	(231.12)	-
<b>Balance as at 31 March 2020</b>	<b>120.00</b>	<b>7,881.33</b>	<b>14.00</b>	<b>(309.28)</b>	<b>25.93</b>	<b>-</b>	<b>-</b>	<b>3,569.95</b>	<b>11,301.93</b>

**SONA BLW PRECISION FORGINGS LIMITED**  
**Pro-forma consolidated statement of changes in equity**  
*(Figures in Million ₹, unless stated otherwise)*

	General reserve	Securities premium	Foreign currency translation reserve	Equity instruments through other comprehensive income	Capital redemption reserve	Employee's stock options reserve	Roll back reserve (refer note 3(c)(iii) & (iv))	Retained earnings	Total
<b>Balance as at 1 April 2020</b>	<b>120.00</b>	<b>7,881.33</b>	<b>14.00</b>	<b>(309.28)</b>	<b>25.93</b>	-	-	<b>3,569.95</b>	<b>11,301.93</b>
Profit for the year	-	-	-	-	-	-	-	2,151.65	2,151.65
Remeasurements of defined benefit obligations, net of tax	-	-	-	-	-	-	-	3.64	3.64
Securities premium utilized on bonus share issue	-	(5,252.32)	-	-	-	-	-	-	(5,252.32)
Stamp duty paid for increase in authorized share capital	-	(20.97)	-	-	-	-	-	-	(20.97)
Dividend paid	-	-	-	-	-	-	-	(904.01)	(904.01)
Foreign currency translation reserve	-	-	2.92	-	-	-	-	-	2.92
Employee stock option charge for the year	-	-	-	-	-	45.37	-	-	45.37
Net changes in fair values of equity instruments carried at fair value through other comprehensive income	-	-	-	(19.00)	-	-	-	-	(19.00)
<b>Balance as at 31 March 2021</b>	<b>120.00</b>	<b>2,608.04</b>	<b>16.92</b>	<b>(328.28)</b>	<b>25.93</b>	<b>45.37</b>	<b>-</b>	<b>4,821.23</b>	<b>7,309.21</b>

Summary of accounting policies and significant explanatory information.

This is the pro-forma consolidated statement of changes in equity referred to in our report of even date.

**For Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Registration No. : 001076N/N500013

For and on behalf of the **Board of Directors** of  
**SONA BLW PRECISION FORGINGS LIMITED**

**Arun Tandon**  
Partner  
Membership No: 517273

**Sunjay Kapur**  
Non Executive Chairman  
DIN: 00145529

**Vivek Vikram Singh**  
Managing Director and Group Chief Executive Officer  
DIN: 07698495

**Rohit Nanda**  
Group Chief Financial Officer

**Ajay Pratap Singh**  
Company Secretary  
M.No. - ACS-5253

Place: New Delhi  
Date: 27 April 2021

Place: Gurugram  
Date: 27 April 2021

Notes to pro-forma consolidated financial information

**1) Background**

- a) Sona BLW Precision Forgings Limited (the “Parent Company” or “Holding Company or “Sona BLW”), a public limited company was incorporated on 27 October 1995 and began commercial production in November 1998. Sona BLW and its subsidiaries and associate (together referred to as “the Group”) are engaged in the manufacturing of precision forged bevel gears, differential case assemblies, conventional and micro-hybrid starter motors, EV traction motors etc., for automotive and other applications.
- b) During the year ended 31 March 2019, the investment in associate company (Sona Skill Development Centre Limited) had been disposed off by the Group. Further, the Parent Company had executed an agreement dated 16 October 2018 to sell 81% stake in its wholly owned subsidiary, Sona Holding BV Netherlands and its subsidiaries (collectively “Sona BV”), to Sona Autocomp Holding Private Limited. On 4 July 2019, the Parent Company completed the aforementioned transaction and accordingly, with effect from that date, Sona BV ceased to be Parent Company’s subsidiary.
- c) Pursuant to approval of the Board of Directors and the shareholders in their meetings held on 16 October 2018, the Parent Company executed Share Purchase Agreement with Singapore VII Topco III Pte. Ltd and consequently, the Parent Company on 5 July 2019 had acquired 100% equity shares (representing 100% voting interest) of Comstar Automotive Technologies Private Limited and its subsidiaries (collectively “Comstar India”) and Comstar Automotive Hong Kong Limited and its subsidiaries (collectively “Comstar HK”) (Comstar India and Comstar HK together referred to as “Comstar Group”).

**2) Basis of preparation**

The pro-forma consolidated financial information of the Group comprising the pro-forma consolidated balance sheet as at 31 March 2021, 31 March 2020 and 31 March 2019 and the pro-forma consolidated statement of profit and loss and the pro-forma consolidated cash flow statement for the years ended 31 March 2021, 31 March 2020 and 31 March 2019, read with the notes to the pro-forma consolidated financial information (hereinafter referred as ‘pro-forma consolidated financial information’), has been prepared to reflect the acquisition of Comstar India and Comstar HK as if the acquisition had taken place at a date prior to the first period presented. Because of their nature, the pro-forma financial information addresses a theoretical situation and therefore, does not represent Group’s factual financial position or results. They purport to indicate the results and the financial position that would have resulted had the acquisition been completed at the date prior to the first period presented but are not intended to be indicative of expected results or operations in the future periods or the future financial position of the Group.

The pro-forma adjustments are based upon available information and assumptions that the management of the Parent Company believes to be reasonable. Such pro-forma consolidated financial information has been prepared on the bases as stated in the following section “Pro-forma adjustments” and accordingly should not be relied upon as if it had been prepared in accordance with the generally accepted accounting principles.

In addition, the rules and regulations related to the preparation of pro-forma consolidated financial information in other jurisdictions may also vary significantly from the basis of preparation as set out in paragraphs below.

The pro-forma financial information for the period and years presented has been prepared by combining the following financial information prepared as per generally accepted accounting principles in India and after making the adjustments as detailed in the following section “Pro-forma adjustments” –

- a) the audited standalone financial statements of the Parent Company for the years ended and as at 31 March 2020 and 31 March 2019, on which the auditors have expressed unmodified audit opinion vide their reports dated 14 August 2020, 5 July 2019. Further, the erstwhile subsidiary company namely Sona Holding B.V., The Netherlands along with its subsidiaries and step down subsidiaries and the erstwhile associate namely Sona Skill Development Centre Limited, have not been considered for consolidation in this pro-forma consolidated financial information for the abovementioned periods (also refer note 39) and hence, the same is included under the head “Investments” / “Assets held for sale” in the pro-forma consolidated financial information at its carrying value in the books of account of Sona BLW;

Notes to pro-forma consolidated financial information

the audited consolidated financial statements of the Parent Company and its subsidiary companies for the year ended and as at 31 March 2021, on which the auditors have expressed an modified audit opinion vide their report dated 27 April 2021

- b) the audited consolidated financial statements of Comstar India for the years ended and as at 31 March 2020 and 31 March 2019 on which the auditors have expressed unmodified audit opinion vide their reports dated 14 August 2020 and 30 May 2019;
- c) the audited consolidated special purpose financial information of Comstar HK for the years ended and as at 31 March 2020 and 31 March 2019 on which the auditors have expressed an unmodified audit opinion vide their reports dated 12 February 2021.

Further, the pro-forma consolidated financial information for all the periods consist of three columns wherein:

- a) Column 1 represents sum of standalone balances of the Parent Company and Comstar Group after adjusting the following intra-group eliminations between Comstar India entities and Comstar HK entities (refer note 3(a)) :
  - Sales, purchases and corresponding trade payables and trade receivables between the entities;
  - Loans given and taken (i.e. borrowings) and corresponding interest income and interest expense; and
  - Unrealized profits on unsold inventories
- b) Column 2 represents reclassification adjustments (refer note 3(b)), sum of GAAP adjustments (refer note 3(c)) and acquisition related adjustments (refer note 3(d))
- c) Column 3 represents the total of column 1 and column 2

**3) Pro-forma adjustments**

The consolidated financial information of Comstar Group has been prepared as per Ind AS and adjusted to comply with the Group's accounting policies in all material aspects (collectively referred to as "Group accounting policies" as appearing in restated consolidated financial information). The following adjustments have been made to the historical financial information (as mentioned above) to present the Comstar Group consistently with the post-acquisition group structure.

**a) Consolidated financial information of the Parent Company and Comstar Group**

Details of amounts related to financial information of the Parent Company and the Comstar Group included in column 1 of consolidated pro-forma financial information is provided below:

**SONA BLW PRECISION FORGINGS LIMITED**  
**Notes to pro-forma consolidated financial information**  
*(Figures in Million ₹, unless stated otherwise)*

**Details of amounts included in column 1 of Pro-forma consolidated financial information in respect of Sona BLW and Comstar Group:**

ASSETS	As at 31 March 2020				As at 31 March 2019		
	Sona BLW	Comstar Group	Adjustment on acquisition of Comstar Group	Total	Sona BLW	Comstar Group	Total
<b>Non-current assets</b>							
Property, plant and equipment	2,138.42	706.65	-	<b>2,845.07</b>	2,022.98	676.00	<b>2,698.98</b>
Capital work-in-progress	500.37	81.00	-	<b>581.37</b>	131.67	49.00	<b>180.67</b>
Right-of-use assets	748.52	72.99	597.90	<b>1,419.41</b>	-	-	-
Goodwill on consolidation	-	-	1,758.09	<b>1,758.09</b>	-	-	-
Intangible assets	752.48	66.00	3,810.70	<b>4,629.18</b>	723.92	12.00	<b>735.92</b>
Intangible assets under development	-	315.00	-	<b>315.00</b>	-	85.00	<b>85.00</b>
Financial assets							
Investments	8,603.98	-	(8,584.98)	<b>19.00</b>	328.27	-	<b>328.27</b>
Loans	43.79	7.00	-	<b>50.79</b>	23.14	7.00	<b>30.14</b>
Other financial assets	0.87	-	-	<b>0.87</b>	38.11	-	<b>38.11</b>
Income tax assets (net)	40.42	251.00	-	<b>291.42</b>	11.24	269.00	<b>280.24</b>
Other non-current assets	224.38	54.11	-	<b>278.49</b>	86.98	93.00	<b>179.98</b>
<b>Total non-current assets</b>	<b>13,053.23</b>	<b>1,553.75</b>	<b>(2,418.29)</b>	<b>12,188.69</b>	<b>3,366.31</b>	<b>1,191.00</b>	<b>4,557.31</b>
<b>Current assets</b>							
Inventories	614.14	1,348.22	-	<b>1,962.36</b>	677.84	1,160.27	<b>1,838.11</b>
Financial assets							
Investments	-	-	-	-	-	129.00	<b>129.00</b>
Trade receivables	1,334.38	1,001.90	-	<b>2,336.28</b>	1,520.98	1,212.00	<b>2,732.98</b>
Cash and cash equivalents	344.85	705.00	-	<b>1,049.85</b>	1.94	359.00	<b>360.94</b>
Bank balances other than cash and cash equivalents	240.08	383.00	-	<b>623.08</b>	254.12	-	<b>254.12</b>
Loans	0.92	4.00	-	<b>4.92</b>	0.19	1.00	<b>1.19</b>
Other financial assets	0.30	5.00	-	<b>5.30</b>	8.93	27.00	<b>35.93</b>
Income tax assets (net)	-	-	-	-	-	-	-
Other current assets	71.99	264.35	-	<b>336.34</b>	154.08	196.00	<b>350.08</b>
<b>Total current assets</b>	<b>2,606.66</b>	<b>3,711.47</b>	<b>-</b>	<b>6,318.13</b>	<b>2,618.08</b>	<b>3,084.27</b>	<b>5,702.35</b>
Assets held for sale (Investment in Sona BV)	-	-	-	-	1,399.48	-	<b>1,399.48</b>
<b>Total assets</b>	<b>15,659.89</b>	<b>5,265.22</b>	<b>(2,418.29)</b>	<b>18,506.82</b>	<b>7,383.87</b>	<b>4,275.27</b>	<b>11,659.14</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
Equity share capital	471.54	766.00	(766.00)	<b>471.54</b>	277.18	766.00	<b>1,043.18</b>
Instruments entirely equity in nature	5.94	-	-	<b>5.94</b>	-	-	-
No reconciliation for the year ended and as at 31 March 2021 ha	10,837.08	3,073.33	(2,608.48)	<b>11,301.93</b>	3,985.47	2,432.27	<b>6,417.74</b>
<b>Total equity</b>	<b>11,314.56</b>	<b>3,839.33</b>	<b>(3,374.48)</b>	<b>11,779.41</b>	<b>4,262.65</b>	<b>3,198.27</b>	<b>7,460.92</b>
<b>LIABILITIES</b>							
<b>Non-current liabilities</b>							
Financial liabilities							
Borrowings	1,768.22	-	-	<b>1,768.22</b>	733.07	-	<b>733.07</b>
Lease liabilities	480.33	52.00	-	<b>532.33</b>	-	-	-
Other financial liabilities	1.24	-	-	<b>1.24</b>	1.24	-	<b>1.24</b>
Provisions	29.78	37.00	-	<b>66.78</b>	23.82	33.00	<b>56.82</b>
Deferred tax liabilities (net)	84.52	36.00	956.19	<b>1,076.71</b>	116.93	5.00	<b>121.93</b>
<b>Total non-current liabilities</b>	<b>2,364.09</b>	<b>125.00</b>	<b>956.19</b>	<b>3,445.28</b>	<b>875.06</b>	<b>38.00</b>	<b>913.06</b>



**SONA BLW PRECISION FORGINGS LIMITED**  
**Notes to pro-forma consolidated financial information**  
*(Figures in Million ₹, unless stated otherwise)*

ASSETS	As at 31 March 2020				As at 31 March 2019		
	Sona BLW	Comstar Group	Adjustment on acquisition of Comstar Group	Total	Sona BLW	Comstar Group	Total
<b>Current liabilities</b>							
Financial liabilities							
Borrowings	545.09	301.00	-	<b>846.09</b>	389.10	231.00	<b>620.10</b>
Trade payables							
-Total outstanding dues of micro enterprises and small enterprises	55.99	111.00	-	<b>166.99</b>	76.77	193.00	<b>269.77</b>
-Total outstanding dues of creditors other than micro enterprises and small enterprises	492.37	502.89	-	<b>995.26</b>	615.44	508.00	<b>1,123.44</b>
Lease liabilities	61.73	10.00	-	<b>71.73</b>	-	-	-
Other financial liabilities	739.65	183.00	-	<b>922.65</b>	1,027.44	29.00	<b>1,056.44</b>
Other current liabilities	66.35	44.00	-	<b>110.35</b>	120.94	23.00	<b>143.94</b>
Provisions	20.06	31.00	-	<b>51.06</b>	15.76	55.00	<b>70.76</b>
Current tax liabilities (net)	-	118.00	-	<b>118.00</b>	0.71	-	<b>0.71</b>
<b>Total current liabilities</b>	<b>1,981.24</b>	<b>1,300.89</b>	-	<b>3,282.13</b>	<b>2,246.16</b>	<b>1,039.00</b>	<b>3,285.16</b>
<b>Total liabilities</b>	<b>4,345.33</b>	<b>1,425.89</b>	<b>956.19</b>	<b>6,727.41</b>	<b>3,121.22</b>	<b>1,077.00</b>	<b>4,198.22</b>
<b>Total equity and liabilities</b>	<b>15,659.89</b>	<b>5,265.22</b>	<b>(2,418.29)</b>	<b>18,506.82</b>	<b>7,383.87</b>	<b>4,275.27</b>	<b>11,659.14</b>

**Note:**

No reconciliation for the year ended and as at 31 March 2021 has been provided since the amounts have been taken from restated consolidated financial information (refer note e)

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**SONA BLW PRECISION FORGINGS LIMITED**  
**Notes to pro-forma consolidated financial information**  
*(Figures in Million ₹, unless stated otherwise)*

	Year ended 31 March 2020				Year ended 31 March 2019		
	Sona BLW	Comstar Group	Adjustment on acquisition of Comstar Group	Total	Sona BLW	Comstar Group	Total
<b>Income</b>							
Revenue from operations	5,386.91	6,814.00	-	12,200.91	6,992.20	7,285.00	14,277.20
Other income	9.83	66.00	-	75.83	32.81	25.00	57.81
<b>Total income</b>	<b>5,396.74</b>	<b>6,880.00</b>	<b>-</b>	<b>12,276.74</b>	<b>7,025.01</b>	<b>7,310.00</b>	<b>14,335.01</b>
<b>Expenses</b>							
Cost of materials consumed	1,492.30	3,625.00	251.00	5,368.30	1,928.41	3,688.00	5,616.41
Changes in inventories of finished goods and work-in-progress	37.00	(14.95)	-	22.05	122.19	46.73	168.92
Employee benefits expense	493.30	729.00	-	1,222.30	490.04	748.00	1,238.04
Finance costs	231.75	37.00	-	268.75	160.19	17.00	177.19
Depreciation and amortization expense	342.20	164.00	204.11	710.31	293.54	135.00	428.54
Other expenses	1,863.72	721.99	67.98	2,653.69	2,475.02	682.00	3,157.02
<b>Total expenses</b>	<b>4,460.27</b>	<b>5,262.04</b>	<b>523.09</b>	<b>10,245.40</b>	<b>5,469.39</b>	<b>5,316.73</b>	<b>10,786.12</b>
<b>Profit before tax</b>	<b>936.47</b>	<b>1,617.96</b>	<b>(523.09)</b>	<b>2,031.34</b>	<b>1,555.62</b>	<b>1,993.27</b>	<b>3,548.89</b>
Tax expense							
- Current tax	118.08	388.00	-	506.08	466.35	679.00	1,145.35
- Tax related to previous years	5.97	-	-	5.97	5.17	-	5.17
- Deferred tax charge	(28.37)	30.00	(112.61)	(110.98)	78.45	13.00	91.45
<b>Total tax expense</b>	<b>95.68</b>	<b>418.00</b>	<b>(112.61)</b>	<b>401.07</b>	<b>549.97</b>	<b>692.00</b>	<b>1,241.97</b>
<b>Profit for the year</b>	<b>840.79</b>	<b>1,199.96</b>	<b>(410.48)</b>	<b>1,630.27</b>	<b>1,005.65</b>	<b>1,301.27</b>	<b>2,306.92</b>
<b>Other comprehensive income</b>							
<u>Items that will not be reclassified to profit or loss</u>							
Remeasurements of defined benefit obligations	2.28	4.00	-	6.28	(1.02)	3.00	1.98
Income tax relating to above mentioned item	(0.57)	(1.00)	-	(1.57)	0.36	(1.00)	(0.64)
Changes in fair values of equity instruments carried at fair value through other comprehensive income	(309.28)	-	-	(309.28)	517.71	-	517.71
<u>Items that will be reclassified to profit or loss</u>							
Exchange difference on translation of foreign subsidiaries	-	5.00	-	5.00	-	40.00	40.00
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<b>(307.57)</b>	<b>8.00</b>	<b>-</b>	<b>(299.57)</b>	<b>517.05</b>	<b>42.00</b>	<b>559.05</b>
<b>Total comprehensive income for the year</b>	<b>533.22</b>	<b>1,207.96</b>	<b>(410.48)</b>	<b>1,330.70</b>	<b>1,522.70</b>	<b>1,343.27</b>	<b>2,865.97</b>

No reconciliation for the year ended and as at 31 March 2021 has been provided since the amounts have been taken from restated consolidated financial information (refer note c)

**b) Reclassifications:**

There are no material reclassification adjustments. The excise duty on sales has been reduced from revenue from operations being more representative of the net revenues of the Group.

**c) GAAP adjustments:**

Transition date for Ind AS 116 for entire group is 1 April 2019. In order to make accounting policies aligned for all periods presented, the impact of Ind AS 116 has been adjusted for the year ended 31 March 2019 as well, with the assumption that transition date for implementation of Ind AS 116 is 1 April 2017.

**d) Acquisition related adjustments:**

- i) Pro-forma adjustments have been made to reflect the estimated fair value of identified intangible assets acquired based on the purchase price allocation and the amortization thereon. These intangible assets represent Customer Relationships the carrying value of which has been grossed up based on the fair value of ₹ 4,009.00 million and remaining life of 15 years as at 4 July 2019. The carrying value so calculated is ₹ 4,078.52 million, ₹ 4,345.60 million and ₹ 4,612.68 million as at 31 March 2019, 31 March 2018 and 1 April 2017 respectively and change in balance of Customer Relationships from 4 July 2019 till 1 April 2017 has been adjusted in opening retained earnings as at 1 April 2017. The amortization charged on the aforesaid carrying values amounts to ₹ 69.51 million, ₹ 267.08 million and ₹ 267.08 million for the years ended 31 March 2020 (till date of acquisition of Comstar Group), 31 March 2019 and 31 March 2018.
- ii) Pro-forma adjustments have also been made to reflect the estimated fair value of Right of Use assets acquired based on the purchase price allocation and the amortization thereon. The carrying value of these assets which have been grossed up based on the fair value of ₹ 603.71 million and remaining life of 77 years as on 4 July 2019. The carrying value so calculated is ₹ 605.74 million, ₹ 613.58 million and ₹ 621.42 million as at 31 March 2019, 31 March 2018 and 1 April 2017 respectively and change in balance of Right of Use assets from 4 Jul 2019 till 1 April 2017 has been adjusted in opening retained earnings as at 1 April 2017. The amortization charged on the aforesaid carrying values amounts to ₹ 2.03 million, ₹ 7.84 million and ₹ 7.84 million for the years ended 31 March 2020 (till date of acquisition of Comstar Group), 31 March 2019 and 31 March 2018.
- iii) Transaction cost amounting to ₹ 67.98 million incurred for investment in Comstar Group has been adjusted from Other Equity as on 1 April 2017 through 'Roll Back Reserve Account' since, this was a specific acquisition related cost with no impact on the regular operations of the Group.
- iv) Increase in Cost of Goods Sold during the year ended 31 March 2020, on account of fair valuation of Inventory of Comstar Group acquired by the Parent Company on 4 July 2019 amounting to ₹ 251.00 million (net of deferred tax of ₹ 62.86 million) has been adjusted from Other Equity as on 1 April 2017 through 'Roll Back Reserve Account' since, this was a specific acquisition related adjustment with no impact on the regular operations of the Group.
- v) An amount of ₹ 1,758.09 million, being the excess of the aggregate of the purchase consideration for the acquisition over the fair value of net assets of Comstar Group acquired as on 4 July 2019, has been recognized as Goodwill on consolidation. Goodwill calculated as at the acquisition date is kept consistent in all periods of pro-forma consolidated financial information (as at 31 March 2018, 31 March 2019 and 31 March 2020), since there is no amortization required for Goodwill.
- vi) Amount of equity and convertible preference share capital issued as on 4 July 2019 (including securities premium) has been rolled back as 'Equity and convertible preference share capital to be issued' as on 1 April 2017, 31 March 2018 and 31 March 2019. Accordingly, for the purposes of computing basic and diluted earnings per share, the equity and convertible preference shares issued on 4 July 2019 have been

Notes to pro-forma consolidated financial information

considered to have been issued on 1 April 2017. Further, amount receivable against issue of equity and preference share capital and amount to be invested for acquisition of Comstar Group have been netted off against each other and the balance net consideration receivable of ₹ 121.08 million has been included as financial asset under 'Other financial assets – current', however, time value of money of the aforementioned financial asset has not been considered.

- vii) All tax adjustments emanating from the above adjustments have been made at the rates as applicable to the Parent Company for the relevant periods.
- e) The impact of pro-forma adjustments nullifies on the date of acquisition of Comstar Group i.e. when legal Group structure is formed. Accordingly, there is no difference between the pro-forma consolidated financial information and restated consolidated financial information after the date of acquisition (4 July 2019) i.e., Balance Sheets as at 31 March 2020 and 31 March 2021 and Statement of Profit and Loss for the year ended 31 March 2021.

**SONA BLW PRECISION FORGINGS LIMITED**  
**Notes to pro-forma consolidated financial information**  
*(Figures in Million ₹, unless stated otherwise)*

**4 Property, plant and equipment and Right-of-use assets**

	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Office equipment	Computers	Vehicles	Leasehold improvement	Total	Right-of-use assets		
										Leasehold land	Building	Total
<b>Gross block as at 1 April 2018</b>	<b>28.10</b>	<b>498.46</b>	<b>1,632.60</b>	<b>50.15</b>	<b>64.98</b>	<b>62.47</b>	<b>97.73</b>	<b>39.45</b>	<b>2,473.94</b>	<b>14.16</b>	<b>844.17</b>	<b>858.33</b>
Additions	-	15.43	596.18	4.08	14.00	19.36	8.41	40.52	<b>697.98</b>	227.68	13.00	<b>240.68</b>
Disposals	-	(1.32)	(1.92)	(1.21)	-	-	(5.03)	-	<b>(9.48)</b>	-	-	-
<b>Gross block as at 31 March 2019</b>	<b>28.10</b>	<b>512.57</b>	<b>2,226.86</b>	<b>53.02</b>	<b>78.98</b>	<b>81.83</b>	<b>101.11</b>	<b>79.97</b>	<b>3,162.44</b>	<b>241.84</b>	<b>857.17</b>	<b>1,099.01</b>
Additions	-	17.78	741.12	6.34	11.08	24.05	19.11	18.87	<b>838.35</b>	-	423.23	<b>423.23</b>
Disposals	-	-	(12.19)	(5.92)	(0.14)	(3.65)	(1.26)	-	<b>(23.16)</b>	-	(4.67)	<b>(4.67)</b>
Foreign currency translation adjustment	-	-	-	-	-	-	(4.00)	-	<b>(4.00)</b>	-	3.06	<b>3.06</b>
<b>Gross block as at 31 March 2020</b>	<b>28.10</b>	<b>530.35</b>	<b>2,955.79</b>	<b>53.44</b>	<b>89.92</b>	<b>102.23</b>	<b>114.96</b>	<b>98.84</b>	<b>3,973.63</b>	<b>241.84</b>	<b>1,278.79</b>	<b>1,520.63</b>
Additions	-	15.27	1,072.46	5.80	14.29	26.93	14.69	24.23	<b>1,173.67</b>	-	245.02	<b>245.02</b>
Transfer on capitalization	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	(2.27)	-	(231.27)	-	(0.03)	(0.85)	(10.39)	-	<b>(244.81)</b>	-	-	-
Foreign currency translation reserve	-	(0.99)	(0.47)	0.27	(0.01)	0.01	0.45	-	<b>(0.74)</b>	-	-	-
<b>Gross block as at 31 March 2021</b>	<b>25.83</b>	<b>544.63</b>	<b>3,796.52</b>	<b>59.51</b>	<b>104.17</b>	<b>128.32</b>	<b>119.70</b>	<b>123.07</b>	<b>4,901.75</b>	<b>241.84</b>	<b>1,523.81</b>	<b>1,765.65</b>
<b>Accumulated Depreciation as at 1 April 2018</b>	<b>-</b>	<b>26.51</b>	<b>227.33</b>	<b>6.72</b>	<b>13.27</b>	<b>13.30</b>	<b>11.24</b>	<b>4.84</b>	<b>303.21</b>	<b>0.24</b>	<b>20.70</b>	<b>20.94</b>
Depreciation charge for the year	-	27.25	300.52	8.13	15.19	22.13	17.65	12.07	<b>402.94</b>	2.04	26.83	<b>28.87</b>
Disposals	-	(0.11)	(1.36)	(0.57)	-	-	(1.09)	-	<b>(3.13)</b>	-	-	-
<b>Accumulated Depreciation as at 31 March 2019</b>	<b>-</b>	<b>53.65</b>	<b>526.49</b>	<b>14.28</b>	<b>28.46</b>	<b>35.43</b>	<b>27.80</b>	<b>16.91</b>	<b>703.02</b>	<b>2.28</b>	<b>47.53</b>	<b>49.81</b>
Depreciation charge for the year	-	26.85	336.50	7.41	15.74	23.27	18.53	8.27	<b>436.57</b>	2.64	49.68	<b>52.32</b>
Disposals	-	-	(0.19)	(5.79)	(0.14)	(3.65)	(1.26)	-	<b>(11.03)</b>	-	(0.91)	<b>(0.91)</b>
<b>Accumulated Depreciation as at 31 March 2020</b>	<b>-</b>	<b>80.50</b>	<b>862.80</b>	<b>15.90</b>	<b>44.06</b>	<b>55.05</b>	<b>45.07</b>	<b>25.18</b>	<b>1,128.56</b>	<b>4.92</b>	<b>96.30</b>	<b>101.22</b>
Depreciation charge during the year	-	27.99	450.26	7.30	15.21	25.32	18.96	10.19	<b>555.25</b>	10.48	61.31	<b>71.78</b>
Disposals	-	-	(221.48)	-	(0.02)	(0.77)	(8.75)	-	<b>(231.02)</b>	-	-	-
Foreign currency translation reserve	-	(0.16)	0.02	0.01	(0.01)	(0.01)	0.09	-	<b>(0.06)</b>	-	-	-
<b>Accumulated Depreciation as at 31 March 2021</b>	<b>-</b>	<b>108.33</b>	<b>1,091.60</b>	<b>23.21</b>	<b>59.24</b>	<b>79.59</b>	<b>55.39</b>	<b>35.37</b>	<b>1,452.73</b>	<b>15.40</b>	<b>157.61</b>	<b>173.00</b>
<b>Net carrying amount as at 31 March 2019</b>	<b>28.10</b>	<b>458.92</b>	<b>1,700.37</b>	<b>38.74</b>	<b>50.52</b>	<b>46.40</b>	<b>73.31</b>	<b>63.06</b>	<b>2,459.42</b>	<b>239.56</b>	<b>809.64</b>	<b>1,049.20</b>
<b>Net carrying amount as at 31 March 2020</b>	<b>28.10</b>	<b>449.85</b>	<b>2,092.99</b>	<b>37.54</b>	<b>45.86</b>	<b>47.18</b>	<b>69.89</b>	<b>73.66</b>	<b>2,845.07</b>	<b>236.92</b>	<b>1,182.49</b>	<b>1,419.41</b>
<b>Net carrying amount as at 31 March 2021</b>	<b>25.83</b>	<b>436.29</b>	<b>2,704.92</b>	<b>36.30</b>	<b>44.92</b>	<b>48.73</b>	<b>64.32</b>	<b>87.70</b>	<b>3,449.02</b>	<b>226.44</b>	<b>1,366.20</b>	<b>1,592.65</b>

**SONA BLW PRECISION FORGINGS LIMITED**  
**Notes to pro-forma consolidated financial information**  
*(Figures in Million ₹, unless stated otherwise)*

**5 Intangible assets**

	Other intangible assets					Total	Goodwill on consolidation inc assembled workforce
	Computer software	Technical knowhow	Capitalized development expenditure	Brand	Customer relationship		
<b>Deemed cost as at 1 April 2017</b>	28.48	-	-	-	4,612.68	<b>4,641.16</b>	1,758.09
Additions	30.52	27.18	-	-	-	<b>57.70</b>	-
Transfers	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	-	-
<b>Gross block as at 1 April 2018</b>	<b>59.00</b>	<b>27.18</b>	-	-	<b>4,612.68</b>	<b>4,698.86</b>	<b>1,758.09</b>
Additions	18.38	-	-	670.03	-	<b>688.41</b>	-
<b>Gross block as at 31 March 2019</b>	<b>77.38</b>	<b>27.18</b>	-	<b>670.03</b>	<b>4,612.68</b>	<b>5,387.27</b>	<b>1,758.09</b>
Additions	92.66	-	-	17.37	-	<b>110.03</b>	-
Disposals	(7.95)	-	-	-	-	<b>(7.95)</b>	-
<b>Gross block as at 31 March 2020</b>	<b>162.09</b>	<b>27.18</b>	-	<b>687.40</b>	<b>4,612.68</b>	<b>5,489.35</b>	<b>1,758.09</b>
Additions *	88.57	-	992.90	-	-	<b>1,081.47</b>	-
<b>Gross block as at 31 March 2021</b>	<b>250.66</b>	<b>27.18</b>	<b>992.90</b>	<b>687.40</b>	<b>4,612.68</b>	<b>6,570.82</b>	<b>1,758.09</b>
<b>Accumulated amortization as at 1 April 2018</b>	<b>11.72</b>	<b>3.40</b>	-	-	<b>267.08</b>	<b>282.20</b>	-
Amortization charge for the year	19.03	4.53	-	-	267.08	<b>290.64</b>	-
<b>Accumulated amortization as at 31 March 2019</b>	<b>30.75</b>	<b>7.93</b>	-	-	<b>534.16</b>	<b>572.84</b>	-
Amortization charge for the year	20.62	4.53	-	-	267.81	<b>292.96</b>	-
Disposals	(5.63)	-	-	-	-	<b>(5.63)</b>	-
<b>Accumulated amortization as at 31 March 2020</b>	<b>45.74</b>	<b>12.46</b>	-	-	<b>801.97</b>	<b>860.17</b>	-
Amortization charge for the year	40.84	4.52	32.01	-	267.07	<b>344.44</b>	-
<b>Accumulated amortization as at 31 March 2021</b>	<b>86.58</b>	<b>16.98</b>	<b>32.01</b>	-	<b>1,069.04</b>	<b>1,204.61</b>	-
<b>Net carrying amount as at 31 March 2019</b>	<b>46.63</b>	<b>19.25</b>	-	<b>670.03</b>	<b>4,078.52</b>	<b>4,814.43</b>	<b>1,758.09</b>
<b>Net carrying amount as at 31 March 2020</b>	<b>116.35</b>	<b>14.72</b>	-	<b>687.40</b>	<b>3,810.71</b>	<b>4,629.18</b>	<b>1,758.09</b>
<b>Net carrying amount as at 31 March 2021</b>	<b>164.09</b>	<b>10.20</b>	<b>960.89</b>	<b>687.40</b>	<b>3,543.64</b>	<b>5,366.21</b>	<b>1,758.09</b>

\* Includes transfer from intangible assets under development

**SONA BLW PRECISION FORGINGS LIMITED**  
**Notes to pro-forma consolidated financial information**  
*(Figures in Million ₹, unless stated otherwise)*

**6 Non-current investments**

	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
<b>(A) Non-trade (unquoted) investments</b>									
<b>Unquoted equity instruments, fully paid up</b>									
9,953 (31 March 2020: 9,953; 31 March 2019: 50,280) equity shares of Euro 500 each in Sona Holding B.V. The Netherlands	-	-	-	19.00	-	19.00	1,113.98	-	1,113.98
Nil (31 March 2020: 392,647; 31 March 2019: 2,066,565) 16% cumulative preference share of Euro 5 each in Sona Holding B.V. The Netherlands	-	-	-	-	-	-	613.77	-	613.77
Less: Assets held for sale (refer note 39)	-	-	-	-	-	-	(1,399.48)	-	(1,399.48)
	-	-	-	19.00	-	19.00	328.27	-	328.27

**Current investments**

**(B) Other investments**

**Investments in Mutual funds measured at Fair value through profit and loss**

Birla Floating Rate Short Term - Regular- Growth plan	-	-	-	-	-	-	52.00	-	52.00
HDFC Liquid Fund - Growth plan	-	-	-	-	-	-	1.00	-	1.00
Kotak Floater Short Term Fund-Daily Dividend Reinvestment	-	-	-	-	-	-	76.00	-	76.00
Birla Cash Plus Fund - Regular - growth plan	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	129.00	-	129.00

**7 Loans**

	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
<b>Non current</b>									
<i>(Unsecured, considered good)</i>									
Security deposits	57.77	-	57.77	50.79	-	50.79	30.14	-	30.14
<b>Total loans - non current</b>	57.77	-	57.77	50.79	-	50.79	30.14	-	30.14
<b>Current</b>									
<i>(Unsecured, considered good, unless stated otherwise)</i>									
Security deposits	0.35	-	0.35	4.92	-	4.92	1.19	-	1.19
Loan to related party	14.72	-	14.72	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
<b>Total loans - current</b>	15.07	-	15.07	4.92	-	4.92	1.19	-	1.19

SONA BLW PRECISION FORGINGS LIMITED  
Notes to pro-forma consolidated financial information  
(Figures in Million ₹, unless stated otherwise)

8 Other financial assets

	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
<b>Non current</b>									
<i>(Unsecured, considered good)</i>									
Fixed deposits with banks with maturity period for more than 12 months	-	-	-	0.87	-	0.87	38.11	-	38.11
<b>Total other financial assets- non current</b>	-	-	-	<b>0.87</b>	-	<b>0.87</b>	<b>38.11</b>	-	<b>38.11</b>
<b>Current</b>									
<i>(Unsecured, considered good)</i>									
Receivable from related parties	-	-	-	0.30	-	0.30	2.46	-	2.46
Forward contract receivables	147.87	-	147.87	-	-	-	28.47	-	28.47
Royalty income receivable	1.47	-	1.47	5.00	-	5.00	1.00	-	1.00
Others	2.31	-	2.31	-	-	-	4.00	121.08	125.08
<b>Total other financial assets- current</b>	<b>151.65</b>	-	<b>151.65</b>	<b>5.30</b>	-	<b>5.30</b>	<b>35.93</b>	<b>121.08</b>	<b>157.01</b>

9 Income tax assets (net)

	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
<b>Non current</b>									
Prepaid taxes	186.74	-	186.74	291.42	-	291.42	280.24	-	280.24
	<b>186.74</b>	-	<b>186.74</b>	<b>291.42</b>	-	<b>291.42</b>	<b>280.24</b>	-	<b>280.24</b>

10 Other assets

	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
<b>Non current</b>									
Prepaid expenses	2.07	-	2.07	11.41	-	11.41	35.02	(20.57)	14.45
Capital advances	251.90	-	251.90	219.08	-	219.08	93.96	-	93.96
Balance with government authorities	-	-	-	-	-	-	3.00	-	3.00
Un-adjusted consideration for revenue contract	42.26	-	42.26	48.00	-	48.00	48.00	-	48.00
<b>Total other assets- non current</b>	<b>296.23</b>	-	<b>296.23</b>	<b>278.49</b>	-	<b>278.49</b>	<b>179.98</b>	<b>(20.57)</b>	<b>159.41</b>
<b>Current</b>									
Prepaid expenses	59.79	-	59.79	46.65	-	46.65	42.91	(0.30)	42.61
Loans and advances to employees	3.29	-	3.29	4.49	-	4.49	7.42	-	7.42
Advance to suppliers for goods and services	107.61	-	107.61	88.48	-	88.48	88.51	-	88.51
Balance with government authorities	297.80	-	297.80	168.53	-	168.53	176.07	-	176.07
Un-adjusted consideration for revenue contract	19.23	-	19.23	-	-	-	-	-	-
Other advances	3.64	-	3.64	28.19	-	28.19	35.17	-	35.17
Other receivables- considered doubtful	70.58	-	70.58	22.18	-	22.18	19.52	-	19.52
Less: Allowance for doubtful advances	(20.38)	-	(20.38)	(22.18)	-	(22.18)	(19.52)	-	(19.52)
<b>Total other assets- current</b>	<b>541.56</b>	-	<b>541.56</b>	<b>336.34</b>	-	<b>336.34</b>	<b>350.08</b>	<b>(0.30)</b>	<b>349.78</b>



**SONA BLW PRECISION FORGINGS LIMITED**  
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*(Figures in Million ₹, unless stated otherwise)*

**11 Inventories**

	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
Raw materials and components	984.56	-	984.56	572.41	-	572.41	426.09	-	426.09
Work-in-progress	268.18	-	268.18	163.30	-	163.30	162.68	-	162.68
Finished goods	1,431.98	-	1,431.98	895.18	-	895.18	917.85	-	917.85
Stores and spares	174.24	-	174.24	174.36	-	174.36	189.81	-	189.81
Loose tools	39.06	-	39.06	17.91	-	17.91	17.15	-	17.15
Dies, jigs and fixtures	146.78	-	146.78	122.89	-	122.89	119.22	-	119.22
Scrap	10.77	-	10.77	16.31	-	16.31	5.31	-	5.31
<b>Total</b>	<b>3,055.57</b>	<b>-</b>	<b>3,055.57</b>	<b>1,962.36</b>	<b>-</b>	<b>1,962.36</b>	<b>1,838.11</b>	<b>-</b>	<b>1,838.11</b>

**12 Trade receivables**

	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
<b>Trade receivables</b>									
Trade receivables considered good - unsecured	4,169.87	-	4,169.87	2,336.28	-	2,336.28	2,732.98	-	2,732.98
Trade receivables - credit impaired	2.97	-	2.97	3.94	-	3.94	3.08	-	3.08
Less: Allowances for expected credit loss	(2.97)	-	(2.97)	(3.94)	-	(3.94)	(3.08)	-	(3.08)
<b>Total trade receivables</b>	<b>4,169.87</b>	<b>-</b>	<b>4,169.87</b>	<b>2,336.28</b>	<b>-</b>	<b>2,336.28</b>	<b>2,732.98</b>	<b>-</b>	<b>2,732.98</b>

**13 Cash and cash equivalents**

	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
Balance with banks									
- in current accounts	247.98	-	247.98	445.43	-	445.43	360.84	-	360.84
Cash on hand	0.10	-	0.10	0.14	-	0.14	0.10	-	0.10
Bank deposits with original maturity of less than three months	1.40	-	1.40	604.28	-	604.28	-	-	-
<b>Total cash and cash equivalents</b>	<b>249.48</b>	<b>-</b>	<b>249.48</b>	<b>1,049.85</b>	<b>-</b>	<b>1,049.85</b>	<b>360.94</b>	<b>-</b>	<b>360.94</b>

**14 Bank balances other than cash and cash equivalents**

	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
Bank deposits with original maturity of more than three months but less than 12 months	26.27	-	26.27	623.08	-	623.08	254.12	-	254.12
<b>Total bank balances others than cash and cash equivalents</b>	<b>26.27</b>	<b>-</b>	<b>26.27</b>	<b>623.08</b>	<b>-</b>	<b>623.08</b>	<b>254.12</b>	<b>-</b>	<b>254.12</b>

**SONA BLW PRECISION FORGINGS LIMITED**  
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*(Figures in Million ₹, unless stated otherwise)*

**15 (A) Equity share capital**

	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
<b>Authorized share capital</b>									
998,500,000 (31 March 2020: 50,500,000; 31 March 2019: 50,500,000) equity shares of ₹ 10 each	9,985.00	-	9,985.00	505.00	-	505.00	505.00	-	505.00
<b>Issued, subscribed and paid up share capital</b>									
572,980,560 (31 March 2020: 47,153,944; 31 March 2019: 27,718,376) equity shares of ₹ 10 each fully paid up	5,729.81	-	5,729.81	471.54	-	471.54	277.18	-	277.18

**i) Reconciliation of shares outstanding at the beginning and at the end of the reporting year**

	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
Equity shares outstanding at the beginning of the year	47,153,944	-	47,153,944	27,718,376	-	27,718,376	27,718,376	-	27,718,376
Less: Buyback of shares	-	-	-	(2,592,935)	-	(2,592,935)	-	-	-
Add : Issue of shares	-	-	-	22,028,503	-	22,028,503	-	-	-
Add : Conversion of compulsory convertible preference shares into equity shares (refer note vi below)	594,436	-	594,436	-	-	-	-	-	-
Add : Bonus shares issued during the year (refer note vii below)	525,232,180	-	525,232,180	-	-	-	-	-	-
<b>Equity shares outstanding at the end of the year</b>	<b>572,980,560</b>	<b>-</b>	<b>572,980,560</b>	<b>47,153,944</b>	<b>-</b>	<b>47,153,944</b>	<b>27,718,376</b>	<b>-</b>	<b>27,718,376</b>

	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
Equity share capital outstanding at the beginning of the year	471.54	-	471.54	277.18	-	277.18	1,043.18	(766.00)	277.18
Less: Buyback of shares	-	-	-	(25.93)	-	(25.93)	-	-	-
Add : Issue of shares	-	-	-	220.29	-	220.29	-	-	-
Add : Conversion of compulsory convertible preference shares into equity shares (refer note vi below)	5.94	-	5.94	-	-	-	-	-	-
Add : Bonus shares issued during the year (refer note vii below)	5,252.32	-	5,252.32	-	-	-	-	-	-
<b>Equity share capital outstanding at the end of the year</b>	<b>5,729.80</b>	<b>-</b>	<b>5,729.80</b>	<b>471.54</b>	<b>-</b>	<b>471.54</b>	<b>1,043.18</b>	<b>(766.00)</b>	<b>277.18</b>

**ii) Rights, preferences and restrictions attached to equity shares**

The Group has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the Group after distribution of all preferential amounts, in proportion to their shareholding.

**iii) Shares of the Parent Company held by Holding Company**

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Singapore VII Topco III Pte. Ltd	379,771,512	31,053,190	-
Sona Autocomp Holding Private Limited (formerly known as Sona Autocomp Holding Limited)	-	-	18,693,677

iv) Details of shareholders holding more than 5% of the total number of equity shares in the Group

Number of shares	As at	As at	As at
	31 March 2021	31 March 2020	31 March 2019
Singapore VII Topco III Pte. Ltd	379,771,512	31,053,190	-
Sona Autocomp Holding Private Limited (formerly known as Sona Autocomp Holding Limited)	193,208,904	16,100,742	18,693,677
JM Financial Trustee Company Private Limited- JM Financial India Fund	-	-	9,024,687
Percentage	As at	As at	As at
	31 March 2021	31 March 2020	31 March 2019
Singapore VII Topco III Pte. Ltd	66.28%	65.85%	-
Sona Autocomp Holding Private Limited (formerly known as Sona Autocomp Holding Limited)	33.72%	34.15%	67.44%
JM Financial Trustee Company Private Limited- JM Financial India Fund	-	-	32.56%

(v) The shareholders of the Parent Company approved the buyback of 2,592,935 equity shares on 3 July 2019 and subsequently on 5 July 2019, Group has bought back 2,592,935 equity shares and Capital Redemption Reserve has been created in accordance with provision of the Companies Act, 2013 for the buy back of equity shares. Other than this, the Parent Company has not bought back any shares during the period ended 31 March 2021 and five years immediately preceding the year ended 31 March 2020 .

(vi) In the board meeting on 27 January 2021 the board Board of Directors of the Parent Company has approved the conversion of the compulsorily convertible preference shares (CCPS) into the equity shares of the Company in accordance with the Share Subscription and Share Purchase Agreement dated 16 October 2018 executed between inter alia, the Company and the Investor. Number of equity shares issued against conversion of CCPS : 594,436.

(vii) The Board of Directors of the Parent Company have approved the following: issuance of 11 (Eleven) bonus shares of face value ₹ 10 (Rupees Ten) each for every 1 (One) existing fully paid up equity share of face value ₹ 10 (Rupees Ten) each (including the equity shares issued upon conversion of the Compulsorily Convertible Preference Shares (CCPS) and accordingly 525,232,180 bonus shares were issued, which were allotted on 10 February 2020. Other than this, the Parent Company has not issued any shares pursuant to contracts without payment being received in cash, or allotted as fully paid up by way of bonus shares during the period ended 31 March 2021 and five years immediately preceding the year ended 31 March 2020.

15 (B) Instruments entirely equity in nature

	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount	Adjustments	Total	Consolidated amount	Adjustments	Total	Consolidated amount	Adjustments	Total
	(refer note 2)	(refer note 3)		(refer note 2)	(refer note 3)		(refer note 2)	(refer note 3)	
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
<b>Authorized share capital</b>									
1,500,000 (31 March 2020: Nil; 31 March 2019: Nil) preference shares of ₹ 10 each	15.00	-	15.00	15.00	-	15.00	-	-	-
<b>Issued, subscribed and paid up share capital</b>									
Nil (31 March 2020: 594,436; 31 March 2019: Nil) Compulsorily convertible preference shares of ₹ 10 each fully paid up	-	-	-	5.94	-	5.94	-	-	-

i) Reconciliation of shares outstanding at the beginning and at the end of the year

Number of shares	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount	Adjustments	Total	Consolidated amount	Adjustments	Total	Consolidated amount	Adjustments	Total
	(refer note 2)	(refer note 3)		(refer note 2)	(refer note 3)		(refer note 2)	(refer note 3)	
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
Compulsorily convertible preference shares outstanding at the beginning of the year	594,436	-	594,436	-	-	-	-	-	-
Add : Issue of shares	-	-	-	594,436	-	594,436	-	-	-
Less : Conversion of compulsory convertible preference shares into equity shares	(594,436)	-	(594,436)	-	-	-	-	-	-
<b>Compulsorily convertible preference shares outstanding at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>594,436</b>	<b>-</b>	<b>594,436</b>	<b>-</b>	<b>-</b>	<b>-</b>

Amount	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount	Adjustments	Total	Consolidated amount	Adjustments	Total	Consolidated amount	Adjustments	Total
	(refer note 2)	(refer note 3)		(refer note 2)	(refer note 3)		(refer note 2)	(refer note 3)	
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
Compulsorily convertible preference shares outstanding at the beginning of the year	5.94	-	5.94	-	-	-	-	-	-
Add: Issue of preference shares of ₹ 10 each fully paid up	-	-	-	5.94	-	5.94	-	-	-
Less : Conversion of compulsory convertible preference shares into equity shares	(5.94)	-	(5.94)	-	-	-	-	-	-
<b>Compulsorily convertible preference shares outstanding at the end of the year</b>	<b>-</b>	<b>-</b>	<b>5.94</b>	<b>5.94</b>	<b>-</b>	<b>5.94</b>	<b>-</b>	<b>-</b>	<b>-</b>

ii) Rights, preferences and restrictions attached to compulsorily convertible preference shares

Each compulsorily convertible preference shares (CCPS) has a par value of ₹10 and would be converted into equity shares of the Parent Company on the date falling five years from the date of issue of such CCPS or the last date of conversion under applicable laws, whichever is earlier. The preference shareholders shall receive a dividend of 0.01% per annum and carry a preferential right vis-à-vis equity shares of the Parent Company with respect to payment of dividend or repayment of capital. Each CCPS shall have the same voting as that given to the equity shareholders in the shareholders' meeting, to the extent of their respective ownership of equity shares (assuming the CCPS have been converted into equity shares in accordance with their terms). The preference shares shall have preferential rights vis-a-vis the equity shares, with respect to interest and other distribution rights and rights on liquidation, dissolution and winding up of the affairs of the Proforma Company.

iii) Shares held by Holding Company

	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
Singapore VII Topco III Pte. Ltd	-	-	-	594,436	-	594,436	-	-	-

iv) Details of shareholders holding more than 5% of the total number of preference shares in the Group

Number of shares	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
Singapore VII Topco III Pte. Ltd	-	-	-	594,436	-	594,436	-	-	-

Percentage	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
Singapore VII Topco III Pte. Ltd	-	-	-	100.00%	-	100.00%	-	-	-

15 (C) Equity and preference shares to be issued (refer note 3 (c) (vi))

This represent shares to be issued by the Parent Company in year ended 31 March 2020

Amount	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
19,435,568 equity shares and 594,436 Compulsorily convertible preference shares	-	-	-	-	8,706.06	8,706.06	-	8,706.06	8,706.06
Less: Issuance of equity share	-	-	-	-	(220.29)	(220.29)	-	-	-
Less: Issuance of preference share	-	-	-	-	(5.94)	(5.94)	-	-	-
Less: Transferred to security premium	-	-	-	-	(8,479.83)	(8,479.83)	-	-	-
<b>Total equity and preference shares (including securities premium) to be issued</b>	-	-	-	-	-	-	-	<b>8,706.06</b>	<b>8,706.06</b>

**SONA BLW PRECISION FORGINGS LIMITED**  
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16 Other equity	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount	Adjustments	Total	Consolidated amount	Adjustments	Total	Consolidated amount	Adjustments	Total
	(refer note 2)	(refer note 3)		(refer note 2)	(refer note 3)		(refer note 2)	(refer note 3)	
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
Retained earnings	4,821.23	-	4,821.23	3,569.95	-	3,569.95	5,643.60	(2,307.56)	3,336.04
General reserve	120.00	-	120.00	120.00	-	120.00	120.00	-	120.00
Securities premium	2,608.04	-	2,608.04	7,881.33	-	7,881.33	382.14	-	382.14
Capital redemption reserve	25.93	-	25.93	25.93	-	25.93	215.00	(215.00)	-
Foreign currency translation reserve	16.92	-	16.92	14.00	-	14.00	57.00	(23.00)	34.00
Other comprehensive income	(328.28)	-	(328.28)	(309.28)	-	(309.28)	-	-	-
Roll back reserve	-	-	-	-	-	-	-	(256.12)	(256.12)
Employee's stock options reserve	45.37	-	45.37	-	-	-	-	-	-
<b>Total reserves and surplus</b>	<b>7,309.21</b>	<b>-</b>	<b>7,309.21</b>	<b>11,301.93</b>	<b>-</b>	<b>11,301.93</b>	<b>6,417.74</b>	<b>(2,801.68)</b>	<b>3,616.06</b>

**a) Retained earnings**

Retained earnings represent the undistributed profits that the Group has till date and it includes remeasurements of defined benefit obligation.

**b) General reserve**

The Group transferred a portion of the net profit before declaring dividend to general reserve pursuant to the earlier provision of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013. This reserve is available for distribution to shareholders in accordance with provisions of Companies Act, 2013.

**c) Securities premium**

Securities premium represents share issued at premium less share issue expenses. The balance is utilized in accordance with the provisions of the Companies Act, 2013.

**d) Capital redemption reserve**

Companies Act, 2013 requires that where a Company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet. The capital redemption reserve account may be applied by the Company, in paying up unissued shares of the Company to be issued to shareholders of the Company as fully paid bonus shares. The Company established this reserve pursuant to the buyback of shares in the year in which the transaction occurred.

**e) Foreign currency translation reserve**

Exchange differences arising on translation of the foreign operations are recognized in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

**f) Other comprehensive income / (loss)**

The Group has elected to recognize changes in the fair value of certain investments in equity securities in other comprehensive income. Such fair value changes are not reclassified to profit or loss even upon disposal of the investment, but are transferred to retained earnings.

**g) Employee's stock options reserve**

This reserve represents the shared based compensation expense recorded with the respect to options granted to employees as and when the related grant conditions are met and is adjusted on exercise/ forfeiture of options.

**h) Roll back reserve**

Roll back reserve represents specific pro-forma adjustments as explained in note 3(c)(iii) & (iv).

**17 (i) Borrowings**

Long term borrowings	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount	Adjustments	Total	Consolidated amount	Adjustments	Total	Consolidated amount	Adjustments	Total
	(refer note 2)	(refer note 3)		(refer note 2)	(refer note 3)		(refer note 2)	(refer note 3)	
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
<b>Term loans - Secured</b>									
Indian rupee loans									
-from banks	2,489.41	-	2,489.41	2,179.70	-	2,179.70	650.66	-	650.66
-from others	-	-	-	-	-	-	298.33	-	298.33
Vehicle loans	8.07	-	8.07	10.49	-	10.49	7.99	-	7.99
Deferred payment liabilities	20.13	-	20.13	31.54	-	31.54	113.96	-	113.96
Less: Amount disclosed under "other financial liabilities" (included in note 19)	(610.60)	-	(610.60)	(453.51)	-	(453.51)	(337.87)	-	(337.87)
<b>Total non-current borrowings</b>	<b>1,907.01</b>	<b>-</b>	<b>1,907.01</b>	<b>1,768.22</b>	<b>-</b>	<b>1,768.22</b>	<b>733.07</b>	<b>-</b>	<b>733.07</b>

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**Notes to pro-forma consolidated financial information**  
*(Figures in Million ₹, unless stated otherwise)*

**17 (ii) Short term borrowings**

	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
Indian Rupee loans repayable on demand (from banks) - Secured	1,042.05	-	1,042.05	846.09	-	846.09	620.10	-	620.10
Bills discounted from financial institution - unsecured	102.94	-	102.94	-	-	-	-	-	-
<b>Total current borrowings</b>	<b>1,144.99</b>	<b>-</b>	<b>1,144.99</b>	<b>846.09</b>	<b>-</b>	<b>846.09</b>	<b>620.10</b>	<b>-</b>	<b>620.10</b>

**18 Lease liabilities**

	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
<b>Non-current</b>									
Lease liabilities	720.15	-	720.15	532.33	-	532.33	-	180.61	180.61
<b>Total</b>	<b>720.15</b>	<b>-</b>	<b>720.15</b>	<b>532.33</b>	<b>-</b>	<b>532.33</b>	<b>-</b>	<b>180.61</b>	<b>180.61</b>
<b>Current</b>									
Lease liabilities	105.27	-	105.27	71.73	-	71.73	-	26.15	26.15
<b>Total</b>	<b>105.27</b>	<b>-</b>	<b>105.27</b>	<b>71.73</b>	<b>-</b>	<b>71.73</b>	<b>-</b>	<b>26.15</b>	<b>26.15</b>

**19 Other financial liabilities**

	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
<b>Non current</b>									
Security deposits	1.24	-	1.24	1.24	-	1.24	1.24	-	1.24
<b>Total other financial liabilities - non current</b>	<b>1.24</b>	<b>-</b>	<b>1.24</b>	<b>1.24</b>	<b>-</b>	<b>1.24</b>	<b>1.24</b>	<b>-</b>	<b>1.24</b>
<b>Current</b>									
Current maturities of long-term borrowings (refer note 17)	573.89	-	573.89	409.06	-	409.06	243.77	-	243.77
Current maturities of deferred payment liabilities (refer note 17)	20.64	-	20.64	31.54	-	31.54	86.69	-	86.69
Interest accrued but not due on borrowings (refer note 17)	16.07	-	16.07	12.91	-	12.91	7.41	-	7.41
Employee benefits payable	55.81	-	55.81	95.80	-	95.80	90.90	-	90.90
Capital creditors	131.92	-	131.92	98.83	-	98.83	621.57	-	621.57
Other payables	30.46	-	30.46	48.36	-	48.36	6.10	-	6.10
Forward contract payables	-	-	-	226.15	-	226.15	-	-	-
<b>Total other financial liabilities - current</b>	<b>828.79</b>	<b>-</b>	<b>828.79</b>	<b>922.65</b>	<b>-</b>	<b>922.65</b>	<b>1,056.44</b>	<b>-</b>	<b>1,056.44</b>

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SONA BLW PRECISION FORGINGS LIMITED  
Notes to pro-forma consolidated financial information  
(Figures in Million ₹, unless stated otherwise)

20 Provisions

	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
<b>Non current</b>									
Provision for compensated absences	73.58	-	73.58	43.78	-	43.78	38.82	-	38.82
Provision for defined benefit plans	2.70	-	2.70	14.00	-	14.00	-	-	-
Provision for warranty	10.50	-	10.50	9.00	-	9.00	18.00	-	18.00
<b>Total provisions - non current</b>	<b>86.78</b>	<b>-</b>	<b>86.78</b>	<b>66.78</b>	<b>-</b>	<b>66.78</b>	<b>56.82</b>	<b>-</b>	<b>56.82</b>
<b>Current</b>									
Provision for defined benefit plans	26.29	-	26.29	16.94	-	16.94	25.43	-	25.43
Provision for compensated absences	27.66	-	27.66	16.12	-	16.12	20.33	-	20.33
Provision for warranty	18.74	-	18.74	18.00	-	18.00	25.00	-	25.00
<b>Total provisions - current</b>	<b>72.69</b>	<b>-</b>	<b>72.69</b>	<b>51.06</b>	<b>-</b>	<b>51.06</b>	<b>70.76</b>	<b>-</b>	<b>70.76</b>

21 Deferred tax assets/(liabilities) (net)

	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
<b>Deferred tax liabilities</b>									
Property, plant and equipment and intangible assets	1,293.73	-	1,293.73	1,094.43	-	1,094.43	164.57	1,401.31	1,565.88
R&D expense capitalised in books allowed as expenditure per Income Tax	-	-	-	69.00	-	69.00	4.00	-	4.00
Others	9.55	-	9.55	4.02	-	4.02	3.60	-	3.60
Foreign currency forward contracts	16.98	-	16.98	-	-	-	8.00	-	8.00
<b>Total deferred tax liabilities</b>	<b>1,320.26</b>	<b>-</b>	<b>1,320.26</b>	<b>1,167.45</b>	<b>-</b>	<b>1,167.45</b>	<b>180.17</b>	<b>1,401.31</b>	<b>1,581.48</b>
<b>Deferred tax assets</b>									
Expenditure allowed for tax purposes on payment basis	20.45	-	20.45	13.51	-	13.51	15.25	-	15.25
Provision for employee benefits obligation	19.23	-	19.23	18.00	-	18.00	21.00	-	21.00
Foreign currency forward contracts	-	-	-	31.00	-	31.00	-	-	-
Others	20.36	-	20.36	28.23	-	28.23	21.99	-	21.99
<b>Total deferred tax assets</b>	<b>60.04</b>	<b>-</b>	<b>60.04</b>	<b>90.74</b>	<b>-</b>	<b>90.74</b>	<b>58.24</b>	<b>-</b>	<b>58.24</b>
<b>Net deferred tax (liabilities)/assets</b>	<b>(1,260.22)</b>	<b>-</b>	<b>(1,260.22)</b>	<b>(1,076.71)</b>	<b>-</b>	<b>(1,076.71)</b>	<b>(121.93)</b>	<b>(1,401.31)</b>	<b>(1,523.24)</b>

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**SONA BLW PRECISION FORGINGS LIMITED**  
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*(Figures in Million ₹, unless stated otherwise)*

**22 Trade payables**

	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
<b>Trade payables</b>									
- micro enterprises and small enterprises	495.83	-	495.83	166.99	-	166.99	269.77	-	269.77
- other than micro enterprises and small enterprises	1,745.26	-	1,745.26	995.26	-	995.26	1,123.44	-	1,123.44
<b>Total trade payables</b>	<b>2,241.09</b>	<b>-</b>	<b>2,241.09</b>	<b>1,162.25</b>	<b>-</b>	<b>1,162.25</b>	<b>1,393.21</b>	<b>-</b>	<b>1,393.21</b>

**23 Other current liabilities**

	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
Statutory dues payable	79.11	-	79.11	57.30	-	57.30	100.25	-	100.25
Advance from customers	91.66	-	91.66	53.05	-	53.05	43.69	-	43.69
<b>Total current liabilities</b>	<b>170.77</b>	<b>-</b>	<b>170.77</b>	<b>110.35</b>	<b>-</b>	<b>110.35</b>	<b>143.94</b>	<b>-</b>	<b>143.94</b>

**24 Current tax liabilities (net)**

	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
Income tax liabilities	170.29	-	170.29	118.00	-	118.00	0.71	-	0.71
<b>Total current tax liabilities</b>	<b>170.29</b>	<b>-</b>	<b>170.29</b>	<b>118.00</b>	<b>-</b>	<b>118.00</b>	<b>0.71</b>	<b>-</b>	<b>0.71</b>

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**SONA BLW PRECISION FORGINGS LIMITED**  
**Notes to pro-forma consolidated financial information**  
*(Figures in Million ₹, unless stated otherwise)*

**25 Revenue from operations**

	For the year ended 31 March 2021			For the year ended 31 March 2020			For the year ended 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
<b>Sale of goods</b>	14,889.34	-	<b>14,889.34</b>	11,804.19	-	<b>11,804.19</b>	13,649.75	-	<b>13,649.75</b>
<b>Service income</b>	4.75	-	<b>4.75</b>	-	-	<b>-</b>	-	-	<b>-</b>
<b>Other operating revenue</b>									
Scrap sales	237.46	-	<b>237.46</b>	140.94	-	<b>140.94</b>	226.22	-	<b>226.22</b>
Export incentive	133.29	-	<b>133.29</b>	210.78	-	<b>210.78</b>	284.54	-	<b>284.54</b>
Tooling income	23.56	-	<b>23.56</b>	-	-	<b>-</b>	-	-	<b>-</b>
Liabilities and provisions written back	-	-	<b>-</b>	18.00	-	<b>18.00</b>	4.62	-	<b>4.62</b>
Foreign exchange gain, net	357.34	-	<b>357.34</b>	-	-	<b>-</b>	86.07	-	<b>86.07</b>
Royalty income	16.41	-	<b>16.41</b>	8.00	-	<b>8.00</b>	26.00	-	<b>26.00</b>
Others	0.85	-	<b>0.85</b>	19.00	-	<b>19.00</b>	-	-	<b>-</b>
<b>Total revenue from operations</b>	<b>15,663.00</b>	<b>-</b>	<b>15,663.00</b>	<b>12,200.91</b>	<b>-</b>	<b>12,200.91</b>	<b>14,277.20</b>	<b>-</b>	<b>14,277.20</b>

**26 Other income**

	For the year ended 31 March 2021			For the year ended 31 March 2020			For the year ended 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
Interest income	21.96	-	<b>21.96</b>	30.91	-	<b>30.91</b>	27.23	-	<b>27.23</b>
Profit on sale of investments at FVTPL (net)	-	-	<b>-</b>	24.00	-	<b>24.00</b>	13.00	-	<b>13.00</b>
Other non- operating income	1.45	-	<b>1.45</b>	20.92	-	<b>20.92</b>	17.58	-	<b>17.58</b>
<b>Total other income</b>	<b>23.41</b>	<b>-</b>	<b>23.41</b>	<b>75.83</b>	<b>-</b>	<b>75.83</b>	<b>57.81</b>	<b>-</b>	<b>57.81</b>

**27 Changes in inventories of finished goods and work-in-progress**

	For the year ended 31 March 2021			For the year ended 31 March 2020			For the year ended 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
<b>Inventories at the beginning of the year</b>									
Work-in-progress	163.30	-	<b>163.30</b>	162.68	-	<b>162.68</b>	251.66	-	<b>251.66</b>
Finished goods	895.18	-	<b>895.18</b>	917.85	-	<b>917.85</b>	997.79	-	<b>997.79</b>
	<b>1,058.48</b>	<b>-</b>	<b>1,058.48</b>	<b>1,080.53</b>	<b>-</b>	<b>1,080.53</b>	<b>1,249.45</b>	<b>-</b>	<b>1,249.45</b>
<b>Inventories at the end of the year</b>									
Work-in-progress	268.18	-	<b>268.18</b>	163.30	-	<b>163.30</b>	162.68	-	<b>162.68</b>
Finished goods	1,431.98	-	<b>1,431.98</b>	895.18	-	<b>895.18</b>	917.85	-	<b>917.85</b>
	<b>1,700.16</b>	<b>-</b>	<b>1,700.16</b>	<b>1,058.48</b>	<b>-</b>	<b>1,058.48</b>	<b>1,080.53</b>	<b>-</b>	<b>1,080.53</b>
<b>Changes in inventories</b>	<b>(641.68)</b>	<b>-</b>	<b>(641.68)</b>	<b>22.05</b>	<b>-</b>	<b>22.05</b>	<b>168.92</b>	<b>-</b>	<b>168.92</b>

**SONA BLW PRECISION FORGINGS LIMITED**  
**Notes to pro-forma consolidated financial information**  
*(Figures in Million ₹, unless stated otherwise)*

**28 Employee benefits expense**

	For the year ended 31 March 2021			For the year ended 31 March 2020			For the year ended 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
Salaries, wages and allowances	1,217.36	-	1,217.36	1,039.76	-	1,039.76	1,056.05	-	1,056.05
Contribution to provident and other funds	79.86	-	79.86	80.97	-	80.97	74.34	-	74.34
Staff welfare expenses	131.90	-	131.90	101.57	-	101.57	107.65	-	107.65
Share based payment to employees	45.37	-	45.37	-	-	-	-	-	-
<b>Total employee benefits expense</b>	<b>1,474.49</b>	<b>-</b>	<b>1,474.49</b>	<b>1,222.30</b>	<b>-</b>	<b>1,222.30</b>	<b>1,238.04</b>	<b>-</b>	<b>1,238.04</b>

**29 Finance costs**

	For the year ended 31 March 2021			For the year ended 31 March 2020			For the year ended 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
Interest on loans	213.06	-	213.06	188.35	-	188.35	145.07	-	145.07
Other borrowing costs	5.12	-	5.12	6.33	-	6.33	8.08	-	8.08
Interest on lease liabilities	73.37	-	73.37	38.67	-	38.67	-	20.67	20.67
Bank and other finance charges	16.59	-	16.59	25.40	-	25.40	24.04	-	24.04
Interest expenses- others	17.01	-	17.01	10.00	-	10.00	-	-	-
<b>Total finance costs</b>	<b>325.15</b>	<b>-</b>	<b>325.14</b>	<b>268.75</b>	<b>-</b>	<b>268.75</b>	<b>177.19</b>	<b>20.67</b>	<b>197.86</b>

**30 Depreciation and amortization expense**

	For the year ended 31 March 2021			For the year ended 31 March 2020			For the year ended 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
Depreciation of property, plant and equipment	555.25	-	555.25	436.57	-	436.57	402.94	-	402.94
Amortization of intangible assets	344.44	-	344.44	223.45	69.51	292.96	23.56	267.08	290.64
Amortization of right-of-use assets	71.78	-	71.78	50.29	2.03	52.32	2.04	26.83	28.87
Less: Transfer to capital work-in-progress	(2.07)	-	(2.07)	-	-	-	-	-	-
<b>Total depreciation and amortization expense</b>	<b>969.40</b>	<b>-</b>	<b>969.40</b>	<b>710.31</b>	<b>71.54</b>	<b>781.85</b>	<b>428.54</b>	<b>293.91</b>	<b>722.45</b>

**SONA BLW PRECISION FORGINGS LIMITED**  
**Notes to pro-forma consolidated financial information**  
*(Figures in Million ₹, unless stated otherwise)*

31 Other expenses	For the year ended 31 March 2021			For the year ended 31 March 2020			For the year ended 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
Stores and spares consumed	664.06	-	664.06	398.07	-	398.07	503.18	-	503.18
Consumption of packing materials	198.47	-	198.47	114.41	-	114.41	121.81	-	121.81
Power and fuel	390.89	-	390.89	329.72	-	329.72	444.15	-	444.15
Repairs and maintenance									
- plant and machinery	248.90	-	248.90	184.86	-	184.86	210.69	-	210.69
- buildings	19.16	-	19.16	7.39	-	7.39	16.08	-	16.08
- others	121.58	-	121.58	89.69	-	89.69	84.19	-	84.19
Sub contracting cost	592.81	-	592.81	490.76	-	490.76	660.75	-	660.75
Manpower hiring on contract	287.72	-	287.72	169.35	-	169.35	200.92	-	200.92
Rent	21.15	-	21.15	19.63	-	19.63	54.11	(25.62)	28.49
Rates and taxes	9.09	-	9.09	26.51	-	26.51	14.80	-	14.80
Insurance	35.06	-	35.06	24.81	-	24.81	22.70	-	22.70
Travelling, conveyance and vehicle expenses	90.53	-	90.53	119.79	-	119.79	162.02	-	162.02
Communication and stationery expenses	17.02	-	17.02	16.31	-	16.31	20.78	-	20.78
Legal and professional charges	152.43	-	152.43	222.03	(67.98)	154.05	267.43	-	267.43
Security charges	16.28	-	16.28	13.41	-	13.41	13.34	-	13.34
Fair value loss on derivatives	-	-	-	25.56	-	25.56	8.00	-	8.00
Freight, clearing and forwarding charges	287.02	-	287.02	203.46	-	203.46	257.46	-	257.46
Directors sitting fees	27.01	-	27.01	19.74	-	19.74	1.42	-	1.42
Bad Debts written off	0.16	-	0.16	-	-	-	-	-	-
Advances written off	1.27	-	1.27	-	-	-	-	-	-
Foreign exchange loss, net	-	-	-	93.00	-	93.00	-	-	-
Corporate social responsibility expense	53.95	-	53.95	16.79	-	16.79	21.10	-	21.10
Miscellaneous expenses	90.69	-	90.69	68.40	-	68.40	72.09	-	72.09
<b>Total other expenses</b>	<b>3,325.25</b>	<b>-</b>	<b>3,325.25</b>	<b>2,653.69</b>	<b>(67.98)</b>	<b>2,585.71</b>	<b>3,157.02</b>	<b>(25.62)</b>	<b>3,131.40</b>

32 Research and development	For the year ended 31 March 2021			For the year ended 31 March 2020			For the year ended 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
Revenue expenditure charge to statement of profit and loss	137.38	-	137.38	97.49	-	97.49	151.52	-	151.52
Capital expenditure (including certain revenue expenditure based on allocations made by the Group)	777.65	-	777.65	307.00	-	307.00	92.52	-	92.52
<b>Total</b>	<b>915.03</b>	<b>-</b>	<b>915.03</b>	<b>404.49</b>	<b>-</b>	<b>404.49</b>	<b>244.04</b>	<b>-</b>	<b>244.04</b>

**SONA BLW PRECISION FORGINGS LIMITED**  
**Notes to pro-forma consolidated financial information**  
*(Figures in Million ₹, unless stated otherwise)*

**33 Income tax expense**

	For the year ended 31 March 2021			For the year ended 31 March 2020			For the year ended 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
Current tax	666.02	-	<b>666.02</b>	506.08	-	<b>506.08</b>	1,145.35	-	<b>1,145.35</b>
Tax related to previous years	-	-	-	5.97	-	<b>5.97</b>	5.17	-	<b>5.17</b>
<b>Deferred tax</b>			-			-			
Current deferred tax charge	182.29	-	<b>182.29</b>	(65.82)	45.50	<b>(20.32)</b>	91.45	(97.09)	<b>(5.64)</b>
Deferred tax charge - change in tax rate	-	-	-	(45.16)	(385.01)	<b>(430.17)</b>	-	(13.70)	<b>(13.70)</b>
<b>Total income tax expense</b>	<b>848.31</b>	<b>-</b>	<b>848.31</b>	<b>401.07</b>	<b>(339.51)</b>	<b>61.56</b>	<b>1,241.97</b>	<b>(110.79)</b>	<b>1,131.18</b>

**34 Capital commitments**

	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total	Consolidated amount (refer note 2)	Adjustments (refer note 3)	Total
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	1,543.48	-	<b>1,543.48</b>	1,154.22	-	<b>1,154.22</b>	838.36	-	<b>838.36</b>
<b>Total income tax expense</b>	<b>1,543.48</b>	<b>-</b>	<b>1,543.48</b>	<b>1,154.23</b>	<b>-</b>	<b>1,154.22</b>	<b>838.36</b>	<b>-</b>	<b>838.37</b>

**SONA BLW PRECISION FORGINGS LIMITED**  
**Notes to pro-forma consolidated financial information**  
*(Figures in Million ₹, unless stated otherwise)*

**35 Contingent liabilities**

	As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	Consolidated amount	Adjustments	Total	Consolidated amount	Adjustments	Total	Consolidated amount	Adjustments	Total
	(refer note 2)	(refer note 3)		(refer note 2)	(refer note 3)		(refer note 2)	(refer note 3)	
	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3	Column 1	Column 2	Column 3
a) Claims against the Group not acknowledged as debts									
i) Service tax	0.47	-	0.47	0.47	-	0.47	20.47	-	20.47
ii) Income tax	86.01	-	86.01	74.43	-	74.43	10.74	-	10.74
ii) Central Excise Act, 1944	14.85	-	14.85	14.85	-	14.85	-	-	-
<b>Total</b>	<b>101.34</b>	<b>-</b>	<b>101.34</b>	<b>89.75</b>	<b>-</b>	<b>89.75</b>	<b>31.21</b>	<b>-</b>	<b>31.21</b>

b) The Parent Company has given a corporate guarantee (on behalf of Sona Autocomp Germany GmbH (Subsidiary till 4 July 2019)) to banks of ₹ Nil (31 March 2020: Nil, 31 March 2019: ₹ 620.8 million equivalent to Euro 8 million). Utilized amount is Nil as at 31 March 2021 (31 March 2020: Nil; 31 March 2019: Euro 8 million).

c) There are labour cases pending before High Court and Labour Commissioner/Officer. The Holding Company has been legally advised that the cases filed by the employees are not sustainable in law and accordingly no provision has been made therefor. Moreover no monetary claim was filed or is pending.

d) Duty paid and related export obligation status with respect to EPCG licenses which is six times of the duty saved, obtained by the Group are as under :

Particulars	Export obligation pending (₹ million)
As at 31 March 2019	625.98
As at 31 March 2020	1,290.94
As at 31 March 2021	2,903.78

e) The Company has given a stand by letter of credit of ₹ Nil (31 March 2020: Nil; 31 March 2019: Nil) from a bank (as at 31 March 2021 utilized limit is USD Nil; 31 March 2020 utilized limit is USD Nil; 31 March 2019: Nil) on behalf of Sona Autocomp Germany GmbH (Subsidiary).

**36** For the purposes of preparation of these pro-forma consolidated financial information, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April, 2017 using the modified retrospective method. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use assets are recognized at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application. On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 112.33 million (including ₹ 28.92 million on account of reclassification of leasehold land and prepaid rent), and a lease liability of ₹ 83.58 million. On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

**SONA BLW PRECISION FORGINGS LIMITED**  
**Notes to pro-forma consolidated financial information**  
**(Figures in Million ₹, unless stated otherwise)**

**37 Earnings per share**

	31 March 2021	31 March 2020	31 March 2019
Profit attributable to the equity holders (A)	2,151.65	2,217.22	2,128.75
Original number of equity shares	47,153,944	47,153,944	27,718,376
Original number of compulsory convertible preference shares (refer note 15)	594,436	594,436	-
Weighted average number of equity shares used as the denominator in calculating basic earnings per share (refer note 3(c)(vi))	47,748,380	47,748,380	47,748,380
Bonus shares issued during the year ended 31 March 2021	525,232,180	525,232,180	525,232,180
<b>Total weighted average number of equity shares used as the denominator in calculating basic earnings per share (B)</b>	<b>572,980,560</b>	<b>572,980,560</b>	<b>572,980,560</b>
Effect of exercise of share options	10,702	-	-
Bonus shares issued during the year ended 31 March 2021	117,721	-	-
<b>Total weighted average number of equity shares used as the denominator in calculating diluted earnings per share (C)</b>	<b>573,108,983</b>	<b>572,980,560</b>	<b>572,980,560</b>
<b>Total basic earning per share (in ₹) (A/B)</b>	<b>3.76</b>	<b>3.87</b>	<b>3.72</b>
<b>Total diluted earning per share (in ₹) (A/C)</b>	<b>3.75</b>	<b>3.87</b>	<b>3.72</b>

- 38** The Parent Company had executed a Share Purchase and Shareholder's Agreement dated 16 October 2018, to sell the 81% stake in the Sona Holding B.V. The Netherlands to Sona Autocomp Holding Private Limited for the sale consideration amounting to ₹ 1,399.48 million. Accordingly, as on 31 March 2019, the investment had been classified as held for sale in these pro-forma consolidated financial information.
- Pursuant to the terms of the aforesaid agreement and the approval of the Board of Directors and the shareholders in their meetings held on 3 July 2019, the Parent Company had disposed off on 4 July 2019 (a) 40,727 Equity Shares, representing 81% (eighty one percent) of the Equity Shares on a Fully Diluted Basis, and (b) 1,673,918 Redeemable Preference Shares, representing 81% of investment held in Sona Holding B.V. as on 31 March 2019 to Sona Autocomp Holding Private Limited ("SAHPL"). The sale of investment by the Company to SAHPL was carried out at a total consideration of ₹ 1,399.48 million as per the valuation report obtained by the management from an independent expert. As per the aforementioned agreement, the Parent Company has a put option to sell the remaining securities held in Sona Holding B.V, The Netherlands, by the Parent Company to SAHPL for the put consideration of ₹ 19 million.
- Further, during the year ended 31 March 2019, the Parent Company had sold its investment in Sona Skill Development Centre Limited (associate) to Sona Autocomp Holding Private Limited on 6 December 2018 at its carrying value.

**SONA BLW PRECISION FORGINGS LIMITED**  
**Notes to pro-forma consolidated financial information**  
*(Figures in Million ₹, unless stated otherwise)*

- 39** The Company filed its Draft Red Herring Prospectus with Securities & Exchange Board of India (SEBI) on 23 February 2021 for a proposed Initial Public Offering (IPO) of its equity shares.

The Issue related expenses include, among others, fees payable to the Book Running Lead Managers (BRLMs) and legal and professional fees, Accountants' fees relating to prospectus (Auditors' fee), Listing fees, advertising, marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

All Issue related expenses shall be shared by our Company and the Selling Shareholders in proportion to the number of Equity Shares being issued or offered, as the case may be, by each of them in the Fresh Issue and the Offer for Sale. Any payments by our Company in relation to the Issue on behalf of the Selling Shareholders shall be reimbursed by the Selling Shareholders to our Company in proportion to the Equity Shares being offered for sale by the Selling Shareholders in the Issue. However, in the event that the Issue is withdrawn by our Company or not completed for any reason whatsoever, all the Issue related expenses will be solely borne by our Company.

Basis relevant guidance available under Indian accounting standard, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received, if the entity settles the obligation. Considering the reimbursement of expense incurred is not virtually certain, management has decided to charge off ₹ 139.06 million to statement of profit and loss account as an exceptional item.

**40 Authorization of pro-forma consolidated financial information**

The pro-forma consolidated financial information were approved by the Board of Directors on 27 April 2021.

Summary of accounting policies and significant explanatory information.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Registration No. : 001076N/N500013

For and on behalf of the Board of Directors of  
**SONA BLW PRECISION FORGINGS LIMITED**

**Arun Tandon**  
Partner  
Membership No: 517273

**Sunjay Kapur**  
Non Executive Chairman  
DIN: 00145529

**Vivek Vikram Singh**  
Managing Director and Group  
Chief Executive Officer  
DIN: 07698495

**Rohit Nanda**  
Group Chief Financial Officer

**Ajay Pratap Singh**  
Company Secretary  
M.No. - ACS-5253

Place: New Delhi  
Date: 27 April 2021

Place: Gurugram  
Date: 27 April 2021

## OTHER FINANCIAL INFORMATION

The audited standalone and consolidated financial statements of our Company as at and for the year ended March 31, 2021, March 31, 2020, and March 31, 2019 respectively (“**Audited Financial Statements**”) are available at <https://sonacomstar.com/financial-information>. Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Financial Statements do not constitute, (i) a part of this Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere in the world. The Audited Financial Statements should not be considered as part of information that any investor should consider to subscribe for or purchase any securities of our Company, or any entity in which it or its shareholders have significant influence (collectively, the “**Group**”) and should not be relied upon or used as a basis for any investment decision. None of the Group or any of its advisors, nor any Book Running Lead Managers or the Selling Shareholder, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Financial Statements, or the opinions expressed therein.

Set forth below are the details of accounting ratios as of March 31, 2021, March 31, 2020 and March 31, 2019 calculated on the basis of the Restated Consolidated Financial Information:

Particulars	As at and for the Financial Year ended March 31, 2021	As at and for the Financial Year ended March 31, 2020	As at and for the Financial Year ended March 31, 2019
Total Equity (attributable to the owners)	13,039.01	11,779.41	1,737.77
Profit attributable to owners of the company	2,151.65	3,603.43	1,729.71
Weighted average no. of Equity Shares outstanding during the period/ year			
- For basic earnings per Equity Share (in million)	572.98	510.59	332.62
- For diluted earnings per Equity Share (in million)	573.17	510.59	332.62
Basic and diluted earnings per share (₹ / share)			
- Restated basic earnings per share (in ₹)	3.76	7.06	5.20
- Restated diluted earnings per share (in ₹)	3.75	7.06	5.20
Return on net worth	16.5%	30.6%	99.5%
Net asset value per Equity Share (basic) (in ₹)	22.76	23.07	5.22
Net asset value per Equity Share (diluted) (in ₹)	22.75	23.07	5.22
EBITDA	4,410.16	2,422.77	2,002.02

**Note:**

- (1) The above ratios are calculated as under:
  - a. Basic earnings per share = Net profit attributable to equity shareholders/ weighted average number of shares outstanding during the year/ period
  - b. Diluted earnings per share = Net profit attributable to equity shareholders/ weighted average number of diluted potential shares outstanding during the year/ period
  - c. Return on net worth (%) = Net profit attributable to equity shareholders / net worth (total equity net of minority interest)
  - d. Net asset value per equity share (basic) (Rs.) = Total equity (net of minority interest)/ weighted average number of equity shares outstanding during the period/year
  - e. Net asset value per equity share (diluted) (Rs.) = Total equity (net of minority interest)/ weighted average number of diluted equity shares outstanding during the period/year
- (2) Earnings per share (EPS) calculation is in accordance with Indian Accounting Standard (Ind AS 33 - earnings per share)
- (3) EBITDA = (profit/ (loss) for the year/ period from continuing operations - other income – exceptional items (non-operating nature) + tax expense + Finance costs + depreciation and amortization)
- (4) The above table has been computed for the impact of conversion of Preference Shares and issue of bonus shares.



## CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as at March 31, 2021, on the basis of our Restated Consolidated Financial Information, and as adjusted for the Offer. This table should be read in conjunction with the sections titled "Risk Factors", "Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", beginning on pages 26, 239 and 361, respectively.

(₹ in million)

Particulars	Pre-Offer as at March 31, 2021 (A)	Adjusted for the Proposed Offer* (B)
<b>Total borrowings<sup>^</sup></b>		
Current borrowings <sup>#</sup> (A)	1,144.99	[●]
Non-current borrowings (including current maturities of long-term borrowings) <sup>#</sup> (B)	2,517.61	[●]
<b>Total borrowings (C)</b>	<b>3,662.60</b>	[●]
<b>Total equity</b>		
Equity share capital <sup>#</sup>	5,729.80	[●]
Instruments entirely equity in nature <sup>#</sup>	-	[●]
Other equity <sup>#</sup>	7,309.21	[●]
<b>Total equity (D)</b>	<b>13,039.01</b>	[●]
<b>Total non-current borrowings (including current maturities of long-term borrowings)/ Total equity (B)/(D)</b>	<b>19.3%</b>	[●]
<b>Total borrowings/ total equity (C) / (D)</b>	<b>28.1%</b>	[●]

\* The corresponding post IPO capitalisation data for each of the amounts given in the above table is not determinable at this stage pending the completion of the Book Building Process and hence, the same have not been provided in this statement.

<sup>#</sup>These terms carry the same meaning as per Schedule III of the Companies Act.

<sup>^</sup>Includes accrued interest.

### Notes:

- The amounts disclosed above are based on the Restated Consolidated Financial Information of the Group for the period ended and as at March 31, 2021.
- In their meeting on January 27, 2021 the Board of Directors approved the conversion of the Preference Shares into the Equity Shares in the ratio of 1:1 and accordingly, 594,436 Equity Shares were issued upon conversion of the Preference Shares.
- The Board has also approved the issuance of 11 bonus shares of face value ₹ 10 each for every 1 existing fully paid up equity share of face value ₹ 10 each (including the equity shares issued upon conversion of Preference Shares and accordingly 525,232,180 bonus shares were issued, which were allotted on February 10, 2020.

## FINANCIAL INDEBTEDNESS

As of March 31, 2021, our outstanding borrowings on a consolidated basis aggregated to ₹ 4,107.60 million.

The following table sets forth details of the aggregate consolidated outstanding borrowings of our Company and our Subsidiaries as of March 31, 2021:

(in ₹ million)		
Category of Borrowing	Sanctioned Amount (to the extent applicable)	Principal amount outstanding as on March 31, 2021 <sup>(2)</sup>
<b>Working capital facilities</b>		
<i>Secured</i>		
Fund based**	1,975.00	1,040.28
Non-fund based <sup>(3)</sup>	250.00	45.61
<i>Unsecured</i>		
Fund based***	297.10	102.94
<b>Total working capital facilities (A)</b>	<b>2,522.10</b>	<b>1,188.83</b>
<b>Term loan facilities</b>		
<b>Secured term loans and capex letters of credit (B) <sup>(1)(3)</sup></b>	<b>3,750.00</b>	<b>2,910.70</b>
<b>Vehicle loans (C)</b>	14.11	8.07
<b>Total borrowings (A+B+C)</b>	<b>6,286.21</b>	<b>4,107.60</b>

\* As certified by SCV & Co. LLP, Chartered Accountants pursuant to their certificate dated June 3, 2021.

\*\* Indian rupee loan repayable on demand from banks excluding interest accrued.

\*\*\* Bill discounted from financial institutions.

<sup>(1)</sup> Includes secured term loans of ₹2,481.32 million and letter of credit facilities for import of capital goods to the extent of ₹ 429.38 million availed by our Company.

<sup>(2)</sup> Excludes interest accrued but not due.

<sup>(3)</sup> Outstanding amounts in respect of borrowings which were in a foreign currency have been mentioned above by reinstating such amounts in Rupees, based on the closing rate for the month of March 2021.

### Principal terms of the borrowings availed by us:

A summary of the principal terms of our borrowings are as set out below. The details provided below are indicative and there may be additional terms, conditions and requirements under the various borrowing arrangements entered into by us:

- Tenor:** The tenor of the working capital facilities and term loans typically ranges from six months to 7 years.
- Interest:** The interest rate for the term loans and some of the working capital facilities availed by us is typically linked to marginal cost of funds-based lending rate plus the spread of the respective lenders. In terms of some of the cash credit facilities availed by us, the interest rate is typically on a fixed or floating rate basis.
- Security:** Our borrowings, where applicable, are typically secured by first or second *pari-passu* charge on, as applicable:
  - current assets of the Company and Subsidiaries including stock, book debts and receivables;
  - immovable fixed assets of the Company; or
  - movable fixed assets of the Company.
- Prepayment\*:** We have the option to prepay the lenders, subject to payment of prepayment charges at such rate as may be stipulated by the lenders which typically ranges from 0.5% to 2%. Further, the loans in certain instances can be prepaid without any prepayment charge subject to fulfilment of conditions including prior notice to the lender.  

\* HDFC Bank Limited and Citibank N.A. have issued letters dated February 19, 2021 and May 11, 2021 to our Company waiving the pre-payment penalty on the term loans sanctioned to our Company.
- Repayment:** Other than some of the cash credit and export packing credit facilities, which are repayable on demand, we are required to repay our borrowings in such instalments as stipulated in the repayment schedules under the relevant loan documentation. The repayment period for facilities availed by us typically ranges from six months to 7 years.
- Restrictive covenants:** The borrowing arrangements entered into by us require the relevant lender's prior written consent and/or we are required to intimate the relevant lender, as applicable, for carrying out certain actions, including:
  - to alter its capital structure or on occurrence of any adverse changes;
  - to formulate or effect any scheme of amalgamation or merger or reconstruction;

- (c) for any transfer of the controlling interest or the change in management set up;
- (d) to undertake guarantee obligations on behalf of any other person;
- (e) to undertake any material change in business;
- (f) to permit creation of security interest on the assets secured with the existing lenders;
- (g) to pledge shares beyond the prescribed threshold for securing any loan;
- (h) to make any amendments in the memorandum of association and articles of association; and
- (i) to declare any dividend if any instalment towards outstanding dues remains unpaid on its due date.

7. **Events of default:** The terms of our borrowings contain certain standard events of default, including:

- (a) failure and inability to pay amounts on the due date;
- (b) failure in performance of any covenant, condition or agreement;
- (c) misrepresentation/ incorrect or misleading information provided;
- (d) cessation or change in business;
- (e) change in control of our Company or the Subsidiaries or of any other person who controls our Company without the approval of the lenders;
- (f) the occurrence of any cross-default;
- (g) upon occurrence of any event that may have a material adverse effect;
- (h) downgrading in our credit rating below the specified limit or deterioration in the credit worthiness in the sole opinion of lenders; and
- (i) declaring the Company, the Subsidiaries, their promoters, directors as Wilful Defaulters.

8. **Consequences of occurrence of events of default:** Upon the occurrence of an event of default, lenders are entitled to, among other things:

- (a) cease the commitment of disbursing the undrawn facility and the outstanding amounts will require to be payable forthwith on demand;
- (b) enforce their security over the secured assets;
- (c) review the management set up or organisation of our Company and Subsidiaries and may require our Company to restructure inter alia the management of our Company and Subsidiaries; and
- (d) exercise such other right, power or remedy permitted by law.

For risks in relation to terms, conditions and requirements under the various borrowing arrangements entered into by us, see “*Risk Factors – The agreements governing our indebtedness contain conditions and restrictions on our operations, additional financing and capital structure*”.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion is intended to convey the management's perspective on our financial condition and results of operations for Fiscals 2019, 2020 and 2021.*

*We have included in this section a discussion of our financial statements on a restated consolidated basis as well as on a pro forma basis.*

*The Restated Consolidated Financial Information included in this Red Herring Prospectus are prepared and presented in accordance with Ind AS, in each case restated in accordance with the requirements of Section 26 of the Companies Act, 2013 read with Rule 4 of the Companies (Prospectus and Allotment of Securities) Rules 2014, as amended, the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectus (Revised 2019)" issued by the ICAI (the "Guidance Note").*

*In Fiscal 2020 our Company completed the acquisition of Comstar Entities. We have included in this Red Herring Prospectus, the Pro Forma Consolidated Financial Information (to be read in conjunction with "Basis of Preparation of the Pro Forma Consolidated Financial Information" on page 382) as at and for the years ended March 31, 2019, 2020 and 2021, to show the impact of the acquisition of Comstar Entities on our Company, including the results of operations and the financial position that would have resulted had the acquisition of Comstar Entities been completed at a date prior to the first period presented in the Pro Forma Financial Information. Further, the erstwhile subsidiary, SONA BV, and its subsidiaries, and the erstwhile associate, Sona Skill Development Centre Limited, have not been considered for consolidation in the Pro Forma Consolidated Financial Information. For further details, see "Financial Information – Pro Forma Consolidated Financial Information" on page 318; "History and Certain Corporate Matters – Material acquisitions or divestments of business or undertakings, mergers, amalgamations or revaluation of assets in the last 10 years" on page 208; and "Risk Factors - The Pro Forma Consolidated Financial Information included in this DRHP to reflect the acquisition of Comstar Entities is not indicative of our future financial condition or factual financial position or results of operations" on page 29.*

*Unless otherwise stated, or the context otherwise requires, the financial information used in this section is derived from our Pro Forma Consolidated Financial Information included in this Red Herring Prospectus on page 318.*

*Ind AS differs in certain respects from Indian GAAP, IFRS and US GAAP and other accounting principles with which prospective investors may be familiar. Please also see "Risk Factors — Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, IFRS and US GAAP, which may be material to investors' assessments of our financial condition, result of operations and cash flows" on page 54.*

*This discussion contains certain forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, such as the risks set forth in the chapters entitled "Risk Factors" and "Forward-Looking Statements" on pages 26 and 18, respectively.*

*Data included in this section in relation to certain operating metrics, financial information not otherwise included in the Pro Forma Consolidated Financial Information, and certain business information and data (such as income from sale of goods with end-use in North America, Europe, India and China, income from sale of goods from our top ten customers and income from sale of goods derived from the BEV market, among others) have been reviewed and verified by SCV & Co. LLP, Chartered Accountants.*

*Unless otherwise indicated, industry and market data used in this section has been derived from the report titled "Assessment of Indian market potential for specific precision forged and electrical components" dated January 2021 prepared and released by CRISIL (the "**CRISIL Report**") and report titled "Global and Indian Automotive Market Overview" dated February 15, 2021 prepared and released by Ricardo (the "**Ricardo Report**" and together with the CRISIL Report, referred to as the "**Industry Reports**"), which are paid reports and have been commissioned by us exclusively in connection with the Offer. Neither we, nor any of the BRLMs, nor any other person connected with the Offer has verified any information in these Industry Reports.*

### Overview






We are one of India's leading automotive technology companies, designing, manufacturing and supplying highly engineered, mission critical automotive systems and components such as differential assemblies, differential gears, conventional and micro-hybrid starter motors, BSG systems, EV traction motors (BLDC and PMSM) and motor control units to automotive OEMs across US, Europe, India and China, for both electrified and non-electrified powertrain segments. According to the Ricardo Report, in calendar year 2020, we were among the top ten players globally in the differential bevel gear market on the basis of overall volumes of differential bevel gears supplied to PVs, CVs and tractors. We are also amongst the top ten global starter motor suppliers based on our exposure to the PV segment and market share in calendar year 2020, according to the Ricardo Report. For further details, see "Industry Overview" on page 108. We have been gaining global market share across products to reach a share of approximately 5.0% for differential bevel gears, 3.0% for starter motors and 8.7% for BEV differential assemblies, in calendar year 2020, according to the Ricardo Report. We have nine manufacturing and assembly facilities across India, China,

Mexico and USA, of which six are located in India, from where we supply our products to six out of the top ten global PV OEMs, three out of the top ten global CV OEMs and seven out of the top eight global tractor OEMs by volume, according to the Ricardo Report. We are a global supplier and we derived ₹11,162.05 million representing 75.0% of our income from sale of goods with end-use in the overseas markets, including 36.1% (₹5,368.10 million) in North America, 26.5% (₹3,950.51 million) in Europe and 7.6% (₹1,129.64 million) in China and 25.0% (₹3,727.29 million) of our income was derived from sale of goods with end-use in India, for Fiscal 2021. We are also one of the two largest exporters of starter motors from India, according to the Ricardo Report.

We are a technology and innovation driven company. With a strong focus on research and development (“R&D”), we develop mechanical and electrical hardware systems, components as well as base and application software solutions, to meet the evolving demands of our customers. We are one of a few companies globally, with the ability to design high power density EV systems handling high torque requirements with a lightweight design, while meeting stringent durability, performance and NVH specifications, enabling EV manufacturers to enhance the vehicle range, acceleration and the overall efficiency. While BEV sales as a percentage of total global vehicle sales was 3.3% in calendar year 2020, according to the Ricardo Report, ₹2,056.98 million representing 13.8% of our income from sale of goods was derived from the BEV market for Fiscal 2021. Among the available propulsion technologies, BEV has been the fastest growing segment at a CAGR of approximately 46% between calendar years 2015 to 2020 and is expected to grow at a CAGR of approximately 36% between calendar years 2020 to 2025 with increased market penetration, according to the Ricardo Report. We have increased our sales to the EV market at a CAGR of 243.6% from ₹174.19 million in Fiscal 2019 to ₹2,056.98 million in Fiscal 2021. We currently supply differential assemblies, differential gears, EV Traction Motors to customers in US, China and India, for use in hybrid and battery electric passenger vehicles, hybrid and battery electric light commercial vehicles, electric two-wheelers and electric three-wheelers.

According to the CRISIL Report, our total operating income has grown at a CAGR of 10.9% from Fiscal Years 2016 to 2020, as compared to the average CAGR of 8.1% for the top ten listed auto-component manufacturers in India by market capitalization, in the same period. For Fiscal Years 2019, 2020 and 2021, we had EBITDA of ₹4,122.43 million, ₹3,253.55 million and ₹4,410.16 million amounting to EBITDA margin of 28.9%, 26.7% and 28.2%, respectively, average ROE of 35.6%, 35.2% and 36.4%, respectively, and ROCE of 40.3%, 29.0% and 34.8%, respectively.

The chart below describes our products and their end-use application across various powertrains and vehicle segments.

Products	Our Product Offerings Across Vehicle and Powertrain Segments					Description
	Passenger Vehicles	Commercial Vehicles	Off-Highway Vehicles	Three-Wheelers	Two-Wheelers	
 Differential Assembly	BEV & Hybrid	BEV	BEV	BEV	NA	A mechanism including gears that transmits power to the wheels differently, allowing them to rotate at different speeds while executing a turn. Differential assembly is part of the drivetrain.
	ICE	ICE	ICE	ICE		
 Differential Gears	BEV & Hybrid	BEV	BEV	BEV	NA	Gear arrangement which goes into the differential assembly.
	ICE	ICE	ICE	ICE		
 Starter Motors (Micro-hybrid and Conventional)	Hybrid	Hybrid	NA	NA	NA	Micro Hybrid- An electric device that apart from cranking the engine, automatically shuts the engine to reduce engine idle time.
	ICE	ICE	No presence	No presence	No presence	Conventional- An electric device required to crank the engine and provide initial starting power to the engine.
 BSG	Hybrid	Hybrid	NA	No presence	No presence	Synchronous or asynchronous electric machine, which provides torque to the powertrain in motor mode and produces electricity in generator mode.
 EV Traction Motors (BLDC & PMSM) and Motor Control Units	BEV & Hybrid	No presence	No presence	BEV	BEV	Synchronous Motors powered by direct current (DC) electricity to drive the electric vehicles - PMSM for BEV & Hybrid PVs, BLDC for electric 2Ws & 3Ws. Motor Control Units regulate the power given to motors for providing the torque and speed to vehicle, and it also charges battery during braking.

The table below sets forth the breakdown of our income from sale of goods across our systems and components, and as a percentage of our total sale of goods for the periods indicated.

	For Fiscal Year 2019		For Fiscal Year 2020		For Fiscal Year 2021	
Sale of Goods	₹13,649.75 million		₹11,804.19 million		₹14,889.34 million	
	Sale of Goods (in ₹ million)	% of Sales of Goods	Sale of Goods (in ₹ million)	% of Sales of Goods	Sale of Goods (in ₹ million)	% of Sales of Goods
Differential Assembly	611.00	4.5%	657.85	5.6%	2,613.99	17.6%
Differential Gears	5,657.86	41.5%	4,111.20	34.8%	4,144.04	27.8%

Micro Hybrid Starter Motors	2,325.25	17.0%	3,480.40	29.5%	3,975.34	26.7%
Conventional Starter Motors	4,613.28	33.8%	3,054.50	25.9%	3,541.22	23.8%
Other Gears	317.78	2.3%	387.31	3.3%	418.75	2.8%
Others	124.58	0.9%	112.93	0.9%	196.00	1.3%

The table below sets forth the breakdown of our income from sale of goods across powertrain, and as a percentage of our total sale of goods for the periods indicated.

	For Fiscal Year 2019		For Fiscal Year 2020		For Fiscal Year 2021	
<b>Sale of Goods</b>	<b>₹13,649.75 million</b>		<b>₹11,804.19 million</b>		<b>₹14,889.34 million</b>	
	Sale of Goods (in ₹ million)	% of Sales of Goods	Sale of Goods (in ₹ million)	% of Sales of Goods	Sale of Goods (in ₹ million)	% of Sales of Goods
Battery EV	174.19	1.3%	233.59	2.0%	2,056.98	13.8%
Micro Hybrid / Hybrid	2,325.25	17.0%	3,480.40	29.5%	3,975.34	26.7%
Power Source Neutral	6,414.56	47.0%	4,923.60	41.7%	5,125.48	34.4%
ICE Dependent	4,735.75	34.7%	3,166.61	26.8%	3,731.54	25.1%

With our product offerings spanning across all types of conventional and electrified powertrains, we are one of the few automotive technology manufacturers that are well-positioned to gain from high growth industry trends as well as various initiatives introduced by the GoI to facilitate the growth of the automotive industry in India, including the recently announced ₹570.42 billion production-linked incentive scheme, which is likely to increase exports resulting in increased demand for differential gears in India, according to the CRISIL Report.

Some of the key high growth industry trends from which we expect to benefit are set forth below.

- BEVs are expected to grow at a CAGR of approximately 36% between calendar years 2020 to 2025 with increased market penetration, according to the Ricardo Report, which will be positive for us as we supply EV differential assemblies, differential gears, BSG systems and EV traction motors into this market. According to the Ricardo Report, BEV global vehicle production volume is expected to grow by five times in the next five years from 2.3 million units in calendar year 2020 to 11.2 million units in calendar year 2025. Further, revenue realization of various components is expected to change according to various degrees of electrification as stated in the Ricardo Report.

Revenue realization analysis for various components, according the Ricardo Report is set forth below. For further details, see “Industry Overview” on page 108.

	ICE	ICE with Micro-Hybrid (Start-Stop)	ICE-Mild Hybrid	ICE-Full Hybrids	BEV (Battery Electric Vehicle)
Bevel Gears	100	=	=	=/+	+
Differential Assembly	100	=	=	=/+	+
Starter Motor	100	+	=	=	NA
BSG (Belt Starter Generator)	NA	NA	+	NA/+	NA
Traction Motor	NA	NA	+ / NA	++	++

Source: Ricardo Report

Note: The components which are a part of the base ICE vehicle are depicted with 100 to indicate the starting point and subsequently a “+” indicates an increase in revenue realization and a “=” indicates that the revenue realization is not expected to change going forward. (Source: Ricardo Report)

- Demand for electric two-wheelers is expected to grow at a CAGR of 72% to 74% between Fiscals 2021 to 2026, according to the CRISIL Report and the electric three-wheeler segment is expected to grow at a CAGR of approximately 46% between calendar years 2021 to 2025 to reach 400,000 units in sales, according to the Ricardo Report. We supply e-axes, BLDC motors and motor control units for use in the electric two-wheeler and three-wheeler segments.

- According to the Ricardo Report, 2030 targets for India indicate that 70% of all commercial PV, 30% of private PV, 40% of buses, 80% of two-wheeler and 80% of three-wheeler sales would be electric.
- According to the CRISIL Report, Indian CV and PV sales are expected to increase 9% to 10% CAGR and 12% to 14% CAGR, respectively, over Fiscals 2021 to 2026, with growth of 38% and 23%, respectively in Fiscal 2022. This will be positive for our differential gears business as our estimated market share of the Indian CV and PV markets is approximately 80% to 90% and 55% to 60%, respectively, according to the CRISIL Report.
- The mix of SUVs, CUVs, multi axle trucks and high powered EVs in the Indian and global PV and CV market is expected to increase according to the CRISIL Report and the Ricardo Report, leading to higher usage of differential gears per vehicle as these vehicles are AWD/4WD/multi-axle. We expect this trend to be positive for revenue growth of our differential gear business.

For further details on the growth trends and key growth drivers in the automotive industry, including government initiatives, see “*Industry Overview*” on page 108.

#### ***Acquisition of the Comstar Entities and Divestment of Sona BV and its Subsidiaries***

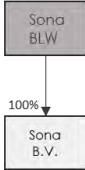
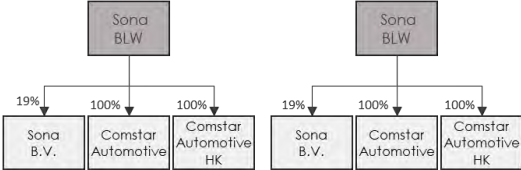
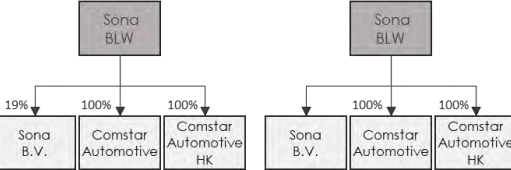
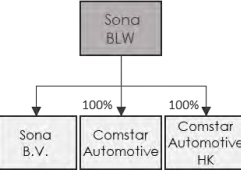
In Fiscal 2020, our Company completed the acquisition of the Comstar Entities, pursuant to which, the Comstar Entities became subsidiaries of our Company with effect from July 5, 2019. Further, in Fiscal 2020, our Company completed the transfer of 81% of the issued and outstanding share capital of SHBV on a fully diluted basis to Sona Autocomp, our Corporate Promoter for an aggregate consideration of ₹1,399.48 million. Pursuant to the completion of this transfer, Sona BV Group ceased to be subsidiaries of our Company with effect from July 5, 2019. We have included in this Red Herring Prospectus the Pro Forma Consolidated Financial Information (to be read in conjunction with “*Basis of Preparation of the Pro Forma Consolidated Financial Information*” on page 382) as at and for the years ended March 31, 2019, 2020 and 2021, to show the impact of the acquisition of the Comstar Entities on our Company, as if such transactions had occurred prior to the first period presented. For further details, see “*Financial Information – Pro Forma Consolidated Financial Information*” on page 318; “*History and Certain Corporate Matters – Material acquisitions or divestments of business or undertakings, mergers, amalgamations or revaluation of assets in the last 10 years*” on page 208; and see “*Risk Factors - The Pro Forma Consolidated Financial Information included in this DRHP to reflect the acquisition of Comstar Entities is not indicative of our future financial condition or factual financial position or results of operations*” on page 29.

#### ***Proposed Merger of Comstar Automotive Technologies Private Limited (“Comstar Automotive”) with our Company***

Our Company has filed a scheme of amalgamation under sections 230 to 232 of the Companies Act, 2013, read with the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016 before the NCLT Chandigarh (the “**Scheme**”). The Scheme was approved by our Board on December 20, 2019. The rationale for the proposed merger is for consolidation and simplification of existing structure and more focussed operational efforts, realizing synergies in terms of compliance, governance, administration and costs, among other things. Pursuant to the Scheme, Comstar Automotive is proposed to merge with our Company. July 5, 2019 is the appointed date. With effect from the appointed date, the entire business of Comstar Automotive, including all its properties and assets (whether movable/ immovable or tangible/ intangible) and all nature of liabilities is proposed to stand transferred to our Company on a going concern basis. The Scheme is pending approval by the NCLT Chandigarh and is subject to receipt of requisite approvals.

The diagram below sets forth the manner in which the Restated Consolidated Financial Information and Pro Forma Consolidated Financial Information (to be read in conjunction with “*Basis of Preparation of the Pro Forma Consolidated Financial Information*” on page 382) has been prepared.



Presentation of Financials for	Restated Consolidated Financials			Proforma Financials
	FY19	FY20	FY21	FY19 – FY21
Schematic Representation				
		Divestment of 81% stake in Sona BV Group comp on July 5, 2019	Acquisition of Comstar entities with effect from July 5, 2019	
Remarks	<ul style="list-style-type: none"> <li>Consolidation of Sona B.V. in income statement as a discontinued operation since investment in Sona Holding BV was classified as an asset held for sale</li> <li>Consolidation of Sona B.V. in Balance Sheet <ul style="list-style-type: none"> <li>Shown as assets/ Liabilities of disposal group</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Upto July 4, 2019- No consolidation done as information is not available</li> <li>July 5, 2019 onwards- No consolidation required</li> </ul>	<ul style="list-style-type: none"> <li>Line by line consolidation of Comstar Entities from July 5, 2019 onwards</li> <li>Disclosed as non-current investment no consolidation required</li> <li>Line by line consolidation of Comstar Entities</li> </ul>	<ul style="list-style-type: none"> <li>Disclosed as non-current investment only, no consolidation done with Sona BLW</li> <li>Line by line consolidation of Comstar Entities with standalone financials of Sona BLW as explained in "Basis of preparation"</li> </ul>

## Principal Factors Affecting Our Financial Condition and Results of Operations

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section titled “*Risk Factors*” beginning on page 26. The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our financial condition and results of operations.

### *Economic conditions in the markets in which we operate*

Our results of operations are dependent on the overall economic conditions in the markets in which we operate, including India, US, China and Europe. Any change in macro-economic conditions in these markets, including changes in interest rates, government policies or taxation and political, economic or other developments could affect our business and results of operations. The automotive market in India may perform differently and be subject to market and regulatory developments that are dissimilar to the automotive markets in other parts of the world. While stronger macro-economic conditions tend to result into higher demand for automotive vehicles, weaker macro-economic conditions tend to result into lower demand for automotive vehicles. Change in demand in the market segments we currently supply or improvement/deterioration in the automotive market or a change in regulations, customs, taxes or other trade barriers or restrictions could affect our operations and financial condition.

According to the CRISIL Report, in Fiscal 2020, the CV, PV and tractor markets in India experienced an aggregate decrease in sales volumes by 29%, 18% and 10%, respectively. Further, according to the Ricardo Report, in calendar year 2020, global light vehicle market experienced decrease in production volume by 18% whereas, production in North America, Europe and India fell by 20.5%, 22.4% and 24.3%, respectively, due to the COVID-19 pandemic. The COVID-19 pandemic has also led to a significant downturn in the global economy, which is adversely affecting, and is expected to continue to adversely affect the global economy in Fiscal 2022. Due to the impact of the COVID-19 pandemic, our restated consolidated income from sale of goods in the quarter ended June 30, 2020 was ₹1,355.06 million which was lower by 54.3% compared to ₹2,968.28 million in the quarter ended March 31, 2020. Our restated consolidated income from sale of goods increased to ₹3,648.27 million during the quarter ended September 30, 2020, an increase of 169.2% as compared to the immediately previous quarter and further to ₹4,681.34 million during quarter ended December 31, 2020 representing a growth of 64.6% in our restated consolidated income from sale of goods as compared to ₹2,844.00 million for the quarter ended December 31, 2019. Our Pro Forma consolidated income from sale of goods for Fiscal 2021 was ₹14,889.34 million, which showed a year on year growth of 26.1% in our Pro Forma consolidated income from sale of goods of ₹11,804.19 million for Fiscal 2020. Despite the slowdown in the automotive industry globally, we were awarded 15 development programs for our EV systems and components by 10 different customers until March 31, 2021, of which, active production process has commenced for eight programs and regular production is yet to commence for seven programs. According to CRISIL, as a result of multiple vaccinations receiving approvals in December 2020, commencement of vaccination in some countries and better than expected data on economic activity from various parts of the world, the IMF expects the global economy to grow at 5.5% in calendar year 2021 as compared to (3.5)% in calendar year 2020. For calendar year 2021, the IMF has estimated GDP growth of 5.1%, 4.2% and 8.1% for US, EU and China, respectively and India’s GDP growth is estimated to be 11% in Fiscal 2022. Further, according to the CRISIL Report domestic PV, CV and tractor sales are expected to grow at 23%, 38% and 1.1%, respectively in Fiscal 2022 and according to the Ricardo Report, light vehicle market is expected to experience increased production volume in North America by 5.0% and Europe by 4.9% in calendar year 2021.



However, a continued escalation of the COVID-19 pandemic may have an adverse impact on our results of operations, financial condition and cash flows. The resultant disruptions to the supply chain, consumer spending and industrial production in the affected countries has precipitated an economic slowdown in those economies which, if prolonged, could cause a global recession. See “*Risk Factor - The COVID-19 pandemic, or a similar public health threat, could adversely affect our business, financial condition, and results of operations*” for risks of the COVID-19 outbreak on our operations and financial condition; and see “*Our Business – Impact of COVID-19*” for more details regarding the impact of COVID-19 on our operations.

#### ***Ability to adapt to the evolving technological and market trends in the automotive industry towards electrification of vehicles***

The automotive industry is undergoing significant technological changes, with increasing focus on, among other things, hybridization and electrification of vehicles. According to the Ricardo Report, BEV has been the fastest growing segment at a CAGR of approximately 46% between calendar years 2015 to 2020 and is expected to grow at a CAGR of approximately 36% between calendar years 2020 to 2025 with increased market penetration. While BEV sales as a percentage of total global vehicle sales was 3.3% in calendar year 2020, according to the Ricardo Report, 13.8% of our income from sale of goods was derived from the BEV market for Fiscal 2021. We have been supplying differential gears in the global EV market since April 2016 and differential assemblies since 2018. According to the Ricardo Report, our global market share of BEV differential assemblies in calendar year 2020 was 8.7%. We have increased our sales to the EV market at a CAGR of 243.6% from ₹174.19 million in Fiscal 2019 to ₹2,056.98 million in Fiscal 2021. We also design and manufacture traction motors and motor control units for electric vehicles, with PMSM motors for EVs and hybrid PVs and BLDC motors for electric two-wheelers and electric three-wheelers. Continued growth in the EV market driven by willingness of consumers to adopt electric vehicles and favorable government policies and initiatives that result in shift in consumer preference towards electric vehicles will enable us to increase our market share in both the Indian and overseas EV markets and achieve our growth strategy to establish market leadership in the Indian EV segment. However, the market for electric vehicles is relatively new and rapidly evolving. While, we expect to benefit from the growing global trend in the automotive industry towards hybridization and electrification of vehicles we also have a well-diversified portfolio of systems and components designed to cater to both electrified and non-electrified powertrain segments. For Fiscal 2021, ₹11,157.80 million representing approximately 74.9% of our income from sale of goods was derived from sales to BEV, hybrid/micro-hybrid and power source neutral products. Accordingly, we are well-positioned to adapt our business to the changing consumer demands and behavior, adoption of new technologies, evolving government regulation and industry standards, policy and economic dynamics associated with the growing trends in the automotive industry, both in the EV and non-EV segments. For risks related to the EV market, see “*Risk Factor – We may not be successful in implementing our growth strategies, including our strategy to capture market opportunity in the growing Electric Vehicle market*” on page 34.

#### ***Innovation and R&D***

To increase our market share, especially in the growing EV market and maintain our margins, we plan to continue to invest in research and development capabilities to develop technologically advanced automotive components designed to assist our customers in meeting the market demands for power density, higher torque, light weighting, durability, quality and economical cost. We believe that our growth from medium to long term will significantly depend on the effectiveness of our investments to design and introduce innovative new products and enhance existing products, in particular develop and manufacture innovative systems and components for the EV market. As at March 31, 2021, we have been awarded 15 development programs for EV systems and components by 10 different customers, of which active production process has commenced for eight programs and regular production is yet to commence for seven programs. Successful development of these programs will be a key factor for our growth prospects and for expanding our market share in the EV market. See “*Business – Our Competitive Strengths – One of the leading manufacturers and suppliers to global EV markets*” on page 170 for details on our development programs for EV systems and components. For Fiscal Years 2019, 2020 and 2021, our total expenditure on R&D amounted to ₹244.04 million, ₹404.49 million and ₹915.03 million, respectively. Our R&D expenditures as a percentage of revenue from operations were 1.7%, 3.3% and 5.8% for Fiscal Years 2019, 2020 and 2021, respectively. As at March 31, 2021, we had 186 on-roll employees engaged in R&D activities, representing approximately 15.4% of our total on-roll manpower, with 16 software engineers focused on R&D. Although we spend significant amounts on our R&D capabilities, we strive to do so in a cost effective, targeted manner in line with our goal of making new technologies available to our customers and expanding our customer base.

#### ***New Business Development***

Our ability to continuously win new product development programs enhances our competitiveness and market share. A substantial amount of the new business we are awarded by OEMs is granted well in advance of a program launch. The launch of new business is a complex process, the success of which depends on a wide range of factors, including the production readiness of our manufacturing facilities and manufacturing processes and those of our suppliers, as well as factors related to tooling, equipment, employees, initial product quality and other factors. Accordingly, we continually seek business development opportunities and participate in a lengthy and rigorous vendor selection process with our customers, which can take up to two to three years from the date of issue of a request for quote (“RFQ”) for securing business. We estimate future sales from new product development programs awarded to us using the projected volume under these programs. As at March 31, 2021, we have been awarded 58 programs from 27 customers across our product portfolio, from customers in India and overseas, where the start of production was either during Fiscal 2021 or a period subsequent to Fiscal 2021. For further details, see the table under

the heading “*Our Business – Program Pipeline*” on page 187. We expect to continue to benefit from the new development programs awarded to us as additional key customer programs are expected to commence production in Fiscal 2022.

### ***Managing supply chain and operating expenses***

Our profitability depends on our ability to manage our supply chain and operating costs. According to the CRISIL Report, as compared to the top ten listed auto-component manufacturers in India by market capitalization, we were the highest in terms of operating EBITDA margin, PAT margin, ROCE and ROE and one of the top ten auto-component manufacturers in India in terms of operating EBITDA and profit before tax in Fiscal 2020. For Fiscal Years 2019, 2020 and 2021, we achieved an EBITDA margin of 28.9%, 26.7% and 28.2%, respectively. We achieved this through a combination of control measures on input raw material costs with price-adjustment arrangements with our customers that enable us to pass-through fluctuations in prices of some of our raw material costs to our customer base, efficiency in manufacturing, making continuous improvement in our production processes and quality standards through our advanced R&D and technological capabilities and maintaining low overhead costs. Our focus on shifting our product mix towards higher margin products also enabled us to maintain our EBITDA margins for Fiscal Years 2019, 2020 and 2021.

We are dependent upon our suppliers’ ability to meet quality specifications and delivery schedules. We also procure certain key components such as drive assemblies, solenoid assemblies, machined steel components, carbon brushes assemblies, magnets, required for manufacturing our starter and BLDC motors, from limited suppliers in China. As of March 31, 2021, two out of our top ten suppliers were located in China. The inability of a supplier to meet these requirements, the loss of a significant supplier, or work stoppages could have an adverse effect on our ability to meet our customers’ delivery requirements. We are in the process of implementing a strategy to reduce this dependence.

Further, the cost of our key raw materials and commodity is susceptible to future volatility in commodity prices. Most of our contracts with customers are structured to pass-through market fluctuations in steel and certain alloy prices for the differential gears and differential assemblies and in copper prices for the conventional and micro-hybrid starter motors. Other than the foregoing, our costs may be susceptible to fluctuation in commodity prices like aluminium and steel for components used in starter motors. We are constantly working on value addition and value engineering initiatives and procurement of components, which go into our products from local suppliers, in order to reduce costs and maintain our margins.

In Fiscal Years 2019, 2020 and 2021, our cost of materials consumed and changes in inventories of finished goods and work-in progress was ₹5,785.33 million, ₹5,139.35 million and ₹6,453.10 million, respectively. As a percentage of total income, our cost of materials consumed and changes in inventories of finished goods and work-in progress was 40.4%, 41.9% and 41.1% in Fiscal Years 2019, 2020 and 2021, respectively. Given the nature of our business, spreading of fixed production costs over higher production volumes, management of our operating costs and efficiencies helps us maintain our competitiveness and profitability. We continually undertake efforts to reduce our costs in order to protect our margins, such as by engaging with a diversified set of suppliers, outsourcing non-critical processes, improving operational efficiencies and manufacturing processes and negotiating volume discounts.

### ***Our Products and Customers***

Our financial performance has largely been driven by, and a key factor to our future success will be, our ability to continue to diversify our business through maintaining a diversified mix of our products offered to continue to deliver value for our customers, an increase in our customer base in a cost-effective manner and deepening our relationships with our existing customers. We are one of India’s leading automotive technology companies, designing, manufacturing and supplying highly engineered, mission critical automotive systems and components such as differential assemblies, differential gears, conventional and micro-hybrid starter motors, BSG systems, EV traction motors (BLDC and PMSM) and motor control units to automotive OEMs across US, Europe, India and China, for both electrified and non-electrified powertrain segments. Our systems and components are supplied for use across all types of vehicle segments. For example, we design, develop, manufacture and supply differential assemblies and precision forged differential bevel gears for both electrified and non-electrified PVs, CVs, OHVs and three-wheelers, conventional and micro-hybrid starter motors for PVs and light commercial vehicles (LCVs), BSG systems, EV traction motors for hybrid and battery electric PVs, hybrid and battery electric LCVs, electric two-wheelers and electric three-wheelers. According to the Ricardo Report, we supply our systems and components to six out of the top ten global PV OEMs, three out of the top ten global CV OEMs and seven out of the top eight global tractor OEMs by volume. We are also one of the leading suppliers of BLDC motors in India for the two-wheeler and three-wheeler EV market, according to the Ricardo Report.

For Fiscal Year 2021, 13.8% of our income from sale of goods amounting to ₹2,056.98 million was derived from the BEV market. Further, according to the CRISIL Report, we are the largest manufacturer of differential gears for PV, CV and tractor OEMs in India, with an estimated market share of approximately 55% to 60%, 80% to 90% and 75% to 85%, respectively. With our product offerings spanning all types of conventional and electrified powertrains, we are one of the few automotive technology manufacturers well-positioned to gain from the high growth industry trends in both the EV and non-EV markets.

Further, through our strong focus on R&D, we have built the capabilities to develop technologically advanced automotive systems and components, which assist our customers to meet the market demands for high power density systems handling higher torque requirements with a lightweight design, while meeting stringent durability, performance and NVH specifications.

Our systems and components are designed and manufactured in accordance with international quality standards and customized to specific customer requirements, which has enabled us to establish long-standing relationships of 15 years and more with 13 of our top 20 customers. For details, see “*Our Business – Our Operations – Customers*” on page 179. Some of our key OEM customers (in alphabetical order) include a Global OEM of EVs, a North American OEM of PVs and CVs, Ampere Vehicles, an Indian OEM of PVs, CVs and EVs, Ashok Leyland, CNH, Daimler, Escorts, Escorts Kubota, Geely, Jaguar Land Rover, John Deere, Mahindra and Mahindra, Mahindra Electric, Maruti Suzuki, Renault Nissan, Revolt Intellicorp, TAFE, Volvo Cars and Volvo Eicher. We also serve selected leading Tier 1 automotive system suppliers such as Carraro, Dana, Jing-Jin Electric, Linamar and Maschio. In several instances, we engage closely with our customers from concept to delivery and aim to have all our systems and components to be industry leading in their respective categories.

Thus, our future results of operations are dependent upon, among other factors, our ability to continue to produce our systems and components more efficiently by using our extensive in-house technology and application software and integration capabilities and to continue to innovate and invest in product development to drive sales of additional and/or improved products to existing and/or new customers. Changes in the outsourcing strategy of our customers or increased competition from other auto-component manufacturers as they develop differentiated and innovative products that compete with our systems and components could have an adverse impact on our business, results of operations, financial condition and cash flows. See “*Risk Factor – Our business faces substantial competition.*” on page 37.

### ***Acquisitions and divestments***

Our business strategies are focused on enhancing our market position by continuously improving the competitive differentiation of our product portfolio, focusing on our strengths and core competencies, and growing the businesses that offer the most attractive returns. We have historically expanded our business through a combination of organic growth and acquisitions. For example, we expanded our product portfolio and capabilities to develop and integrate the powertrain and the drivetrain components through acquisition of the Comstar Entities in Fiscal 2020. Although the core of our strategy is to continue to achieve growth organically through investment in our technological capabilities, business development skills and customer relationships, we continue to evaluate inorganic growth opportunities such as acquisitions and strategic alliances that may provide us with complementary technologies. Each new acquisition that we complete may materially affect the overall results of our operations and financial profile. For further details on the divestments and the acquisition, see “*History and Certain Corporate Matters – Material acquisitions or divestments of business or undertakings, mergers, amalgamations or revaluation of assets in the last 10 years*” on page 208.

### ***Global operations and foreign exchange***

Our company has a well-diversified revenue profile with North America, Europe, India and China contributing ₹5,368.10 million, ₹3,950.51 million, ₹3,727.29 million and ₹1,129.64 million of our total income from sale of goods in Fiscal 2021, respectively, representing 36.1%, 26.5%, 25.0% and 7.6% of our total income from sale of goods in Fiscal 2021, respectively. Accordingly, a large portion of our revenue and some part of costs are denominated in US Dollars. As a result of our substantial international operations, we are exposed to foreign currency risks that arise from our business transactions that are denominated in foreign currencies and investments made in foreign jurisdictions. However, in case of some of our customers, the fluctuation in foreign currency is passed through by way of price adjustment with a time lag. We employ financial instruments, primarily forward contracts to hedge certain of our foreign currency exchange risks relating to our business.

Since our reporting currency is Indian rupee, all foreign currency transactions including sales, purchases and expenses are translated into Indian rupees. We are also required to translate the financial statements of our foreign subsidiary in the U.S. to Indian Rupees for the purposes of our consolidated financial statements.

To mitigate foreign currency fluctuation risk, our Company currently has a policy to hedge a significant part of its net foreign currency exposure on a rolling 12 months’ basis. Due to its inherent net dollar long position, depreciation of the Indian rupee against these foreign currencies will generally have a positive effect on our reported revenues and operating income and appreciation of the Indian rupee against US Dollar will generally have a negative impact on our reported revenues and operating income.

Our business and the industry in which we operate is subject to substantial government regulation, including tax laws in foreign jurisdictions in which we have a presence which may differ by state, region and country. Changes in tax laws and treaties or tax rates, the resolution of tax assessments or audits by various tax authorities could adversely affect our results of operations. These government regulatory changes may also support or impede the business of our customers and consequently impact our business. Any of these outcomes could affect our financial condition and results of operations.

Our overseas business and growth initiatives are also exposed to changes in international tariffs, trade relations and policies, including renegotiated trade agreements and imposition of tariffs that make unjustified, unreasonable or discriminatory trade actions impacting the countries in which we have a presence. Our sales may also be impacted by changes in tariffs applicable on our products or on our customers' products containing content sourced from us.

### Key Performance Indicators and Certain Non-GAAP Measures

In evaluating our business, we consider and use certain non-GAAP financial measures and key performance indicators that are presented below as supplemental measures to review and assess our operating performance. The presentation of these non-GAAP financial measures and key performance indicators are not intended to be considered in isolation or as a substitute for the Pro Forma Consolidated Financial Information or the Restated Consolidated Financial Information. We present these non-GAAP financial measures and key performance indicators because they are used by our management to evaluate our operating performance. These non-GAAP financial measures are not defined under Ind AS and are not presented in accordance with Ind AS. The non-GAAP financial measures and key performance indicators have limitations as analytical tools. Further, these non-GAAP financial measures and key performance indicators may differ from the similar information used by other companies, including peer companies, and hence their comparability may be limited. Therefore, these matrices should not be considered in isolation or construed as an alternative to Ind AS measures of performance or as an indicator of our operating performance, liquidity, profitability or results of operation.

#### Based on our Pro Forma Consolidated Financial Information

##### EBITDA and EBITDA margin

EBITDA is defined as our profit for the period/year less other non-operating income before depreciation and amortization, finance costs, income tax expense and exceptional items. EBITDA margin is defined as our EBITDA as a percentage of revenue from operations.

The table below reconciles our profit / loss for the year to EBITDA on a pro forma basis for the periods indicated.

	Fiscal		
	2021	2020	2019
	(₹ in millions)		
Profit for the period/year	2,151.65	2,217.22	2,128.75
Less:			
Other income	23.41	75.83	57.81
Add:			
Exceptional items	139.06		
Depreciation and amortization	969.40	781.85	722.45
Finance costs	325.15	268.75	197.86
Income tax expense	848.31	61.56	1,131.18
<b>EBITDA</b>	<b>4,410.16</b>	<b>3,253.55</b>	<b>4,122.43</b>
<b>EBITDA margin (in %)</b>	<b>28.2%</b>	<b>26.7%</b>	<b>28.9%</b>

In Fiscal 2021, we improved our EBITDA margin from Fiscal 2020 primarily due to improved efficiencies in our manufacturing processes. Our focus on shifting our product mix towards higher margin products in Fiscal 2021 also enabled us to maintain our EBITDA margins at 28.9%, 26.7% and 28.2% for Fiscal Years 2019, 2020 and 2021.

##### ROCE

ROCE is defined as Operating EBIT (EBITDA less depreciation and amortization) divided by adjusted capital employed (total assets less goodwill on consolidation, intangible assets, intangible assets under development and current liabilities at the end of the period).

	Fiscal		
	2021	2020	2019
	(₹ in millions)		
EBITDA	4,410.16	3,253.55	4,122.43
Less:			
Depreciation and amortisation	969.40	781.85	722.45
<b>Operating EBIT</b>	<b>3,440.76</b>	<b>2,471.70</b>	<b>3,399.98</b>
Total assets	21,748.30	18,506.82	18,405.59
Less:			
Goodwill on consolidation	1,758.09	1,758.09	1,758.09
Intangible assets	5,366.21	4,629.18	4,814.43
Intangible assets under development	10.76	315.00	85.00

Adjusted total assets	14,613.24	11,804.55	11,748.07
Less:			
Current liabilities	4,733.89	3,282.13	3,311.31
<b>Adjusted capital employed</b>	<b>9,879.35</b>	<b>8,522.42</b>	<b>8,436.76</b>
<b>Return on capital employed ("ROCE")</b>	<b>34.8%</b>	<b>29.0%</b>	<b>40.3%</b>

## ROE

ROE is defined as profit after tax (excludes deferred tax adjustment due to change in tax rate) divided by tangible net worth (total equity less goodwill on consolidation, intangible assets and intangible assets under development at the end of the period). For Fiscals 2020 and 2019, profit after tax is considered without deferred tax adjustment due to change in tax rate.

	Fiscal		
	2021	2020	2019
	(₹ in millions)		
Profit for the year (PAT)	2,151.65	2,217.22	2,128.75
Less:			
Deferred tax - change in tax rate	-	(430.17)	(13.70)
<b>Adjusted Profit for the year</b>	<b>2,151.65</b>	<b>1,787.05</b>	<b>2,115.05</b>
Total Equity	13,039.01	11,779.41	12,599.30
Less:			
Goodwill on consolidation	1,758.09	1,758.09	1,758.09
Intangible assets	5,366.21	4,629.18	4,814.43
Intangible assets under development	10.76	315.00	85.00
<b>Adjusted Equity Capital</b>	<b>5,903.95</b>	<b>5,077.14</b>	<b>5,941.78</b>
<b>Return on Equity ("ROE")</b>	<b>36.4%</b>	<b>35.2%</b>	<b>35.6%</b>

The table below sets forth the breakdown of our sale of goods across geographic markets, and as a percentage of our total sale of goods for the periods indicated.

	For Fiscal Year 2019		For Fiscal Year 2020		For Fiscal Year 2021	
	Sale of Goods (₹ in millions)	% of Sales of Goods	Sale of Goods (₹ in millions)	% of Sales of Goods	Sale of Goods(₹ in millions)	% of Sales of Goods
North America	5,791.49	42.4%	4,730.98	40.1%	5,368.10	36.1%
Europe	2,479.88	18.2%	2,766.93	23.4%	3,950.51	26.5%
India	4,301.53	31.5%	3,229.59	27.4%	3,727.29	25.0%
China	264.97	1.9%	257.73	2.2%	1,129.64	7.6%
Others	811.88	6.0%	818.96	6.9%	713.79	4.8%
<b>Total</b>	<b>13,649.75</b>	<b>100%</b>	<b>11,804.19</b>	<b>100%</b>	<b>14,889.34</b>	<b>100%</b>

The table below sets forth the breakdown of our sale of goods across our vehicle segments, and as a percentage of our total sale of goods for the periods indicated.

	For Fiscal Year 2019		For Fiscal Year 2020		For Fiscal Year 2021	
	Sale of Goods (₹ in millions)	% of Sales of Goods	Sale of Goods (₹ in millions)	% of Sales of Goods	Sale of Goods (₹ in millions)	% of Sales of Goods
Passenger Vehicle (PV)	8,459.56	62.0%	7,698.36	65.2%	10,189.58	68.4%
Commercial Vehicle (CV)	2,933.77	21.5%	2,138.11	18.1%	2,141.45	14.4%
Off Highway Vehicle (OHV)	2,234.77	16.4%	1,946.30	16.5%	2,543.94	17.1%
Others	21.64	0.1%	21.43	0.2%	14.37	0.1%
<b>Total</b>	<b>13,649.75</b>	<b>100%</b>	<b>11,804.19</b>	<b>100%</b>	<b>14,889.34</b>	<b>100%</b>

The table below sets forth the breakdown of our income from sale of goods across our systems and components, and as a percentage of our total sale of goods for the periods indicated.

	For Fiscal Year 2019		For Fiscal Year 2020		For Fiscal Year 2021	
	Sale of Goods (₹ in millions)	% of Sales of Goods	Sale of Goods (₹ in millions)	% of Sales of Goods	Sale of Goods(₹ in millions)	% of Sales of Goods
Differential Assembly	611.00	4.5%	657.85	5.6%	2,613.99	17.6%
Differential Gears	5,657.86	41.5%	4,111.20	34.8%	4,144.04	27.8%
Micro Hybrid Starter Motors	2,325.25	17.0%	3,480.40	29.5%	3,975.34	26.7%
Conventional Starter Motors	4,613.28	33.8%	3,054.50	25.9%	3,541.22	23.8%
Other Gears	317.78	2.3%	387.31	3.3%	418.75	2.8%

Others	124.58	0.9%	112.93	0.9%	196.00	1.3%
<b>Total</b>	<b>13,649.75</b>	<b>100%</b>	<b>11,804.19</b>	<b>100%</b>	<b>14,889.34</b>	<b>100%</b>

The table below sets forth the breakdown of our income from sale of goods across powertrain, and as a percentage of our total sale of goods for the periods indicated.

	For Fiscal Year 2019		For Fiscal Year 2020		For Fiscal Year 2021	
Sale of Goods	₹13,649.75 million		₹11,804.19 million		₹14,889.34 million	
	Sale of Goods (in ₹ million)	% of Sales of Goods	Sale of Goods (in ₹ million)	% of Sales of Goods	Sale of Goods (in ₹ million)	% of Sales of Goods
Battery EV	174.19	1.3%	233.59	2.0%	2,056.98	13.8%
Micro Hybrid / Hybrid	2,325.25	17.0%	3,480.40	29.5%	3,975.34	26.7%
Power Source Neutral	6,414.56	47.0%	4,923.60	41.7%	5,125.48	34.4%
ICE Dependent	4,735.75	34.7%	3,166.61	26.8%	3,731.54	25.1%

The table below sets forth the breakdown of our income from sale of goods across our top ten customers, and as a percentage of our total sale of goods for the periods indicated. The order of our top ten customers in the table below is based on information as at March 31, 2021.

	For Fiscal Year 2019		For Fiscal Year 2020		For Fiscal Year 2021	
Sale of Goods	₹13,649.75 million		₹11,804.19 million		₹14,889.34 million	
	Sale of Goods (₹ in millions)	% of Sales of Goods	Sale of Goods (₹ in millions)	% of Sales of Goods	Sale of Goods (₹ in millions)	% of Sales of Goods
#1 - North American OEM of PVs & CVs	3,643.34	26.7%	2,765.62	23.4%	2,523.25	16.9%
#2 - European OEM of PVs & CVs	2,067.80	15.1%	2,373.71	20.1%	2,296.23	15.4%
#3 - Global OEM of EVs	21.92	0.2%	163.54	1.4%	1,950.71	13.1%
#4 - Global OEM of PVs, CVs & EVs	190.98	1.4%	280.54	2.4%	1,015.35	6.8%
#5 - Global Tier 1 Supplier for PVs, CVs, OHVs & EVs	838.27	6.1%	766.67	6.5%	834.34	5.6%
#6 - Indian OEM of PVs, CVs and EVs	983.93	7.2%	631.56	5.4%	729.71	4.9%
#7 - Global OEM of OHVs	667.89	4.9%	541.30	4.6%	727.03	4.9%
#8 - Indian OEM of PVs, CVs, OHVs & EVs	688.24	5.0%	588.38	5.0%	643.48	4.3%
#9 - North American Tier 1 Supplier for PVs & EVs	1343.36	9.8%	953.65	8.1%	602.32	4.0%
#10 - Asian OEM of PVs & CVs	348.30	2.6%	471.76	3.9%	536.39	3.7%

### Significant Accounting Policies

The significant accounting policies adopted in the preparation of our Restated Consolidated Financial Information is set forth below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Basis of preparation

The Restated Consolidated Financial Information relates to the Company together with its Subsidiaries, on a consolidated basis (the “Group”) and has been specifically prepared for inclusion in the document to be filed by the Company with the SEBI in connection with the proposed Offer. The Restated Consolidated Financial Information comprise of the Restated Consolidated Balance Sheet as at March 31, 2021, March 31, 2020 and March 31, 2019, the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Cash Flow Statement, the Restated Consolidated Statement of Changes in Equity and Statement of Significant Accounting Policies and other explanatory information for the Fiscal Years 2021, 2020 and 2019 (hereinafter collectively referred to as “Restated Consolidated Financial Information”).

The Restated Consolidated Financial Information has been prepared to comply in all material respects with the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the “Act”) read with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time, in pursuance of provisions of Securities and Exchange Board of India Act, 1992 (the “ICDR Regulations”).

The Restated Consolidated Financial Information has been compiled by the management from:

- The audited consolidated financial statements as at and for the year ended 31 March 2021, prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act, which have been approved by the Board of Directors at their meeting held on 27 April 2021.

- b. The audited consolidated financial statements as at and for the years ended 31 March 2020 and 31 March 2019 prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act, which have been approved by the Board of Directors at their meeting held on 29 December 2020 and 20 November 2019, respectively.

The Restated Consolidated Financial Information have been prepared so as to contain information / disclosures and incorporating adjustments set out below in accordance with the ICDR Regulations:

- a. Adjustments to the profits or losses of the earlier periods and of the period in which the change in the accounting policy has taken place is recomputed to reflect what the profits or losses of those periods would have been if a uniform accounting policy was followed in each of these periods, if any;
- b. Adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited consolidated financial statements of the Group for the year ended March 31, 2021 and the requirements of the SEBI Regulations, if any; and
- c. The resultant impact of tax due to the aforesaid adjustments, if any.

### ***Current versus non-current classification***

The Group presents assets and liabilities in the Balance Sheet based on the current/non-current classification.

An asset is treated as current when:

- It is expected to be realized or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current assets include the current portion of non-current financial assets. The Group classifies all other assets as non-current.

A liability is treated current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Current liabilities include current portion of non-current financial liabilities. The Group classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has identified twelve months as its operating cycle for the purpose of current / non-current classification of assets and liabilities.

### ***Business combinations***

The Group applies the acquisition method in accounting for business combinations. The cost of acquisition is the aggregate of the consideration transferred measured at fair value at the acquisition date. Acquisition costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. Goodwill is measured as excess of the aggregate of the fair value of the consideration transferred over the fair value of the net of identifiable assets

acquired and liabilities assumed. If the fair value of the net of identifiable assets acquired and liabilities assumed is in excess of the aggregate mentioned above, the resulting gain on bargain purchase is recognized.

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses.

### ***Property, plant and equipment***

Freehold land is carried at cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The cost of an item of property, plant and equipment is the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the property, plant and equipment is capitalized at discounted value. The difference between the discounted value and the total payment is recognized as interest over the period of credit.

### ***Depreciation methods, estimated useful lives and residual value***

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives (as set out below) as prescribed in Schedule II of the Act: -

<b>Asset category</b>	<b>Useful life (in years)</b>
Factory Buildings	30
Roads	10
Sheds	3
Plant and equipment	15
Furniture and fixtures	10
IT equipment	6
Computers	3
Vehicles	4-8
Office equipment	5
Leasehold improvements	Over the effective term of lease

In case of subsidiaries, the following useful lives have been used by the Group:

<b>Asset category</b>	<b>Useful life (in years)</b>
Buildings	10 to 50 years
Buildings and land improvements	15 to 25 years
Technical machinery and equipment	8 to 25 years
Other equipment, factory and office equipment	3 to 10 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

### ***De-recognition***

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

### ***Intangible assets***



Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Expenditure on the research phase of projects is recognized as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognized as intangible assets, provided the Group can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use.
- its intention to complete the intangible asset and use or sell it.
- its ability to use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development. Development costs not meeting these criteria for capitalization are expensed as incurred.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

#### *Amortization methods and periods.*

The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Asset class	Useful life (in years)
Computer software	6
Technical know-how	6

In case of subsidiaries, the following useful lives have been used by the Group:

Intangible assets with finite useful lives are capitalized at cost and amortized on a straight-line basis generally over a period of 3 to 15 years, depending on their estimated useful lives. Useful lives are examined on an annual basis and adjusted when applicable on a prospective basis.

#### *Intangible assets - Customer relationships*

Customer relationships acquired in a business combination are recognized at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of customer relationships over their estimated useful lives of 15 years.

#### **Leases**

##### *Transition to Ind AS 116 – Leases:*

For the purposes of this restated consolidated financial information, effective April 1, 2017, we have adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2017 using the modified retrospective method. the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2017 using the modified retrospective method with the cumulative effect of adopting Ind AS 116 being recognized in equity as an adjustment to the opening balance of retained earnings.

Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments. On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

The following is the summary of practical expedients elected on initial application:

1. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
2. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
3. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The Group lease asset classes primarily consist of leases for land, buildings and plant and machinery. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the right to extend the lease. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

### ***Inventories***

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realizable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work in progress and finished goods comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost are assigned to individual items of inventory on the basis of weighted average method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### ***Cash and cash equivalents***

Cash and cash equivalents includes cash on hand, deposit accounts, margin deposit money and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities in the balance sheet. The statement of cash flow is prepared using indirect method.

### ***Impairment of non-financial assets***

Intangible assets that have an indefinite useful life (including Goodwill and Brands) are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. At each reporting date, the Group assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. An impairment

loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of asset over its remaining useful life.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### ***Impairment of financial assets***

All financial assets except for those at fair value through profit and loss (FVTPL) are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets. In accordance with Ind-AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortized cost. ECL is the weighted average of difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Group is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

### ***Trade receivables***

The Group applies approach permitted by Ind AS 109 Financial Instruments, which requires lifetime expected credit losses to be recognized upon initial recognition of receivables. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The Group uses the expected credit loss model to assess any required allowances and uses a provision matrix to compute the expected credit loss allowance for trade receivables. Life time expected credit losses are assessed and accounted based on Group historical collection experience for customers and forecast of macroeconomic factors.

### ***Other financial assets***

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses. When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

### ***Financial instruments***

Financial instruments are recognized when the Group becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at FVTPL which are measured initially at fair value.

If the Group determines that the fair value at initial recognition differs from the transaction price, the Group accounts for that instrument at that date as follows:

- a. at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable

markets. The Group recognizes the difference between the fair value at initial recognition and the transaction price as a gain or loss.

- b. in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Group recognizes that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement of financial assets and financial liabilities is described below:

#### *Financial assets*

##### Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

##### Financial assets at amortized cost

A financial instrument is measured at amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method.

##### Financial assets at fair value

Investments in equity instruments (other than subsidiaries / associates) – All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified at FVTPL. For all other equity instruments, the Group decides to classify the same either at fair value through other comprehensive income (FVOCI) or FVTPL. The Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

##### De-recognition of financial assets

A financial asset is primarily de-recognized when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

#### *Financial liabilities*

##### Subsequent measurement

After initial recognition, the financial liabilities are subsequently measured at amortized cost using effective interest method. Amortized cost is calculated after considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortization is included as finance costs in the statement of profit and loss.

##### De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

### Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in consolidated statement of profit and loss.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### ***Fair value measurement***

The Group measures certain financial instruments, such as, investments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

### ***Provisions, contingent liabilities and contingent assets***

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of best estimate of the expenditure required to settle the present obligation at the balance sheet date.

The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. Expected future operating losses are not provided for.

### ***Contingencies***

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised. However, when inflow of economic benefits is probable, related asset is disclosed.

### ***Revenue recognition***

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over a product or service to a customer.

### ***Revenue from sale of goods***

Revenue from sale of goods is recognized when the control of goods is transferred to the buyer as per the terms of the contract, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods.

Revenue is measured at fair value of the consideration received or receivable and are accounted for net of returns and discounts. Sales, as disclosed, are exclusive of goods and services tax.

#### *Other incomes*

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. For all financial assets measured at amortized cost, interest income is recorded using the effective interest rate (EIR) i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. The future cash flows include all other transaction costs paid or received, premiums or discounts if any, etc.

Dividend is recognized as and when the right of the Group to receive payment is established.

Export benefit entitlements under various schemes notified by the government are recognized in the statement of profit and loss when the right to receive credit as per terms of the scheme is established in respect of the exports made and no significant uncertainties exist as to the amount of consideration and its ultimate collection.

#### ***Employee benefits***

##### *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

##### *Post-employment benefits*

**Defined contribution plan:** A defined contribution plan is a post-employment benefit plan under which the Group pays specified contributions to a separately entity. The Group has defined contribution plans for provident fund and employees' state insurance scheme. The Group's contribution in the above plans is recognised as an expense in the Statement of Profit and Loss during the year in which the employee renders the related service.

**Defined benefit plans:** The Group has defined benefit plan namely Gratuity for employees. The liability in respect of gratuity plans is calculated annually by independent actuary using the projected unit credit method. The Group recognises the following changes in the net defined benefit obligation under employee benefits expense in statement of profit or loss:

Service costs comprising current service costs, past service costs, gains and losses on curtailment and non-routine settlements

##### Net interest expense

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

##### *Other long-term employee benefits*

Compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the end of the year. Actuarial gains/losses are immediately recognised to the Statement of Profit and Loss.

*Termination benefits are recognized as an expense immediately.*

#### ***Employee share based payments***

The Company has equity-settled share-based remuneration plans for its employees. None of the Company's plans are cash-settled. Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date. All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

#### ***Foreign currency transactions***

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Group's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses). Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the statement of profit and loss in the year in which they arise.

### ***Borrowing costs***

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Eligible transaction/ancillary costs incurred in connection with the arrangement of borrowings are adjusted with the proceeds of the borrowings.

### ***Income taxes***

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of Goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### ***Earnings per share***

#### ***Basic earnings per share***

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group;

- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

#### *Dilute earnings per share*

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

#### *Non-current assets held for sale and discontinued operations*

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. Management must be committed to sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets, assets arising from employee benefits and deferred tax assets, continue to be measured in accordance with the Company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortization. A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale. Profit or loss from discontinued operations comprise the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale. Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations.

#### *Standards issued but not yet effective*

All the Ind AS issued and notified by the Ministry of Corporate Affairs ('MCA') under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorised have been considered in preparing these financial statements.

#### *Standards Issued But Not Effective*

The Ministry of Corporate Affairs ("MCA") has notified new standards or amendments to the existing standards. However, there are no such notifications which have been issued but are not yet effective or applicable from January 1, 2021.

#### **Significant accounting judgements, estimates and assumptions**

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected. In particular, informing estimates significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements includes:

- measurement of defined benefit obligations;
- estimation of useful lives of property, plant and equipment;
- provision and contingent liabilities;
- carrying values of inventories;
- expected credit loss on receivables;
- impairment of non-financial assets (goodwill and brands);



- measurement of share based payments;
- cash flow projections and liquidity assessment with respect to Covid-19 (refer note 58).

### **Basis of Preparation of the Pro Forma Consolidated Financial Information**

The pro-forma consolidated financial information of the Group comprising the Pro Forma Consolidated Balance Sheet as at March 31, 2021, March 31, 2020 and March 31, 2019 and the Pro Forma Consolidated Statement of Profit and Loss and the Pro Forma Consolidated Cash Flow Statement for Fiscal Years 2021, 2020 and 2019, read with the notes to the Pro Forma Consolidated Financial Information (hereinafter referred as “Pro Forma Consolidated Financial Information”), has been prepared to reflect the acquisition of Comstar Automotive and Comstar Automotive HK as if the acquisition had taken place at a date prior to the first period presented. Because of their nature, the Pro Forma Consolidated Financial Information addresses a theoretical situation and therefore, does not represent the Group’s factual financial position or results. They purport to indicate the results and the financial position that would have resulted had the acquisition been completed at the date prior to the first period presented but are not intended to be indicative of expected results or operations in the future periods or the future financial position of the Group.

The pro forma adjustments are based upon available information and assumptions that the management of the Company believes to be reasonable. Such Pro Forma Consolidated Financial Information has been prepared on the basis as stated in the section “Pro-forma adjustments” and accordingly should not be relied upon as if it had been prepared in accordance with the generally accepted accounting principles.

In addition, the rules and regulations related to the preparation of Pro Forma Consolidated Financial Information in other jurisdictions may also vary significantly from the basis of preparation as set out in paragraphs below.

The Pro Forma Consolidated Financial Information for the period and years presented has been prepared by combining the following financial information prepared as per generally accepted accounting principles in India and after making the adjustments as detailed under “Pro-forma adjustments” below:

- a. the audited standalone financial statements of the Parent Company for the years ended and as at March 31, 2020 and March 31, 2019, on which the auditors have expressed unmodified audit opinion vide their reports dated August 14, 2020 and July 5, 2019. Further, the erstwhile subsidiary company namely Sona Holding B.V., The Netherlands along with its subsidiaries and step down subsidiaries and the erstwhile associate namely Sona Skill Development Centre Limited, have not been considered for consolidation in this pro-forma consolidated financial information for the abovementioned periods (also refer note 39) and hence, the same is included under the head “Investments” / “Assets held for sale” in the pro-forma consolidated financial information at its carrying value in the books of account of the Company;
- b. the audited consolidated financial statements of the Parent Company and its subsidiary companies for the year ended and as at March 31, 2021, on which the auditors have expressed an unmodified audit opinion vide their report dated April 27, 2021
- c. the audited consolidated financial statements of Comstar India for the years ended and as at March 31, 2020 and March 31, 2019 on which the auditors have expressed an unmodified audit opinion vide their reports dated August 14, 2020 and May 30, 2019;
- d. the audited consolidated special purpose financial information of Comstar Automotive HK for the years ended and as at March 31, 2020 and March 31, 2019, on which the auditors have expressed an unmodified audit opinion vide their reports dated February 12, 2021.

Further, the Pro Forma Consolidated Financial Information for all the periods consist of three columns wherein:

- a. Column 1 represents sum of standalone balances of the Parent Company and Comstar Group after adjusting the following intra-group eliminations between Comstar India entities and Comstar HK entities (refer note 3(a)) :
  - Sales, purchases and corresponding trade payables and trade receivables between the entities;
  - Loans given and taken (i.e. borrowings) and corresponding interest income and interest expense; and
  - Unrealized profits on unsold inventories.
- b. Column 2 represents reclassification adjustments (refer note 3(b)), sum of GAAP adjustments (refer note 3(c)) and acquisition related adjustments (refer note 3(d)).

- c. Column 3 represents the total of column 1 and column 2.

## **Pro Forma Adjustments**

The consolidated financial information of Comstar Group has been prepared as per Ind AS and adjusted to comply with the Group's accounting policies in all material aspects (collectively referred to as "Group accounting policies" as appearing in restated consolidated financial information). The following adjustments have been made to the historical financial information (as mentioned above) to present the Comstar Group consistently with the post-acquisition group structure.

### **(a) Consolidated Financial Information of the Parent Company And Comstar Group**

Details of amounts related to financial information of the Parent Company and the Comstar Group included in column 1 of Pro Forma Consolidated Financial Information is provided on page 332.

### **(b) Reclassifications**

There are no material reclassification adjustments. The excise duty on sales has been reduced from revenue from operations being more representative of the net revenues of the Group.

### **(c) GAAP adjustments:**

Transition date for Ind AS 116 for entire group is April 1, 2019. In order to make accounting policies aligned for all periods presented, the impact of Ind AS 116 has been adjusted for the year ended March 31, 2019 as well, with the assumption that transition date for implementation of Ind AS 116 is April 1, 2017.

### **(d) Acquisition related adjustments:**

- (i) Pro-forma adjustments have been made to reflect the estimated fair value of identified intangible assets acquired based on the purchase price allocation and the amortization thereon. These intangible assets represent Customer Relationships the carrying value of which has been grossed up based on the fair value of ₹4,009.00 million and remaining life of 15 years as at July 4, 2019. The carrying value so calculated is ₹4,078.52 million, ₹4,345.60 million and ₹4,612.68 million as at March 31, 2019, March 31, 2018 and April 1, 2017 respectively and change in balance of Customer Relationships from July 4, 2019 till April 1, 2017 has been adjusted in opening retained earnings as at April 1, 2017. The amortization charged on the aforesaid carrying values amounts to ₹69.51 million, ₹267.08 million and ₹267.08 million for the years ended March 31, 2020 (till date of acquisition of Comstar Group), March 31, 2019 and March 31, 2018.
- (ii) Pro-forma adjustments have also been made to reflect the estimated fair value of Right of Use assets acquired based on the purchase price allocation and the amortization thereon. The carrying value of these assets which have been grossed up based on the fair value of ₹603.71 million and remaining life of 77 years as on July 4, 2019. The carrying value so calculated is ₹605.74 million, ₹613.58 million and ₹621.42 million as at March 31, 2019, March 31, 2018 and April 1, 2017 respectively and change in balance of Right of Use assets from Jul 4, 2019 till April 1, 2017 has been adjusted in opening retained earnings as at April 1 2017. The amortization charged on the aforesaid carrying values amounts to ₹2.03 million, ₹7.84 million and ₹7.84 million for the years ended March 31, 2020 (until the date of acquisition of Comstar Group), March 31, 2019 and March 31, 2018.
- (iii) Transaction cost amounting to ₹67.98 million incurred for investment in Comstar Group has been adjusted from Other Equity as on April 1, 2017 through 'Roll Back Reserve Account' since, this was a specific acquisition related cost with no impact on the regular operations of the Group.
- (iv) Increase in Cost of Goods Sold during the year ended March 31, 2020, on account of fair valuation of Inventory of Comstar Group acquired by the Company on July 4, 2019 amounting to ₹251.00 million (net of deferred tax of ₹62.86 million) has been adjusted from Other Equity as on April 1, 2017 through 'Roll Back Reserve Account' since, this was a specific acquisition related adjustment with no impact on our regular operations.
- (v) An amount of ₹1,758.09 million, being the excess of the aggregate of the purchase consideration for the acquisition over the fair value of net assets of Comstar Group acquired as on July 4, 2019, has been recognized as Goodwill on consolidation. Goodwill calculated as at the acquisition date is kept consistent in all periods of pro-forma consolidated financial information (as at March 31, 2018, March 31, 2019 and March 31, 2020), since there is no amortization required for Goodwill.
- (vi) Amount of equity and convertible preference share capital issued as on July 4, 2019 (including securities premium) has been rolled back as 'Equity and convertible preference share capital to be issued' as on April 1,

2017, March 31, 2018 and March 31, 2019. Accordingly, for the purposes of computing basic and diluted earnings per share, the equity and convertible preference shares issued on July 4, 2019 have been considered to have been issued on April 1, 2017. Further, amount receivable against issue of equity and preference share capital and amount to be invested for acquisition of Comstar Group have been netted off against each other and the balance net consideration receivable of ₹121.08 million has been included as financial asset under 'Other financial assets – current', however, time value of money of the aforementioned financial asset has not been considered.

- (vii) All tax adjustments emanating from the above adjustments have been made at the rates as applicable to the Parent Company for the relevant periods.
- (e) The impact of pro-forma adjustments nullifies on the date of acquisition of Comstar Group i.e. when the legal group structure is formed. Accordingly, there is no difference between the Pro Forma Consolidated Financial Information and Restated Consolidated Financial Information after the date of acquisition (July 4, 2019) i.e., Balance Sheets as at March 31, 2020 and March 31, 2021 and Statement of Profit and Loss for the year ended March 31, 2021.

## **Principal Components of Statement of Profit and Loss**

### ***Income***

Our total income comprises revenue from operations and other income. We generate majority of our revenue from the sale of highly engineered automotive systems and components such as differential gears, differential assemblies, conventional starter motors, micro hybrid starter motors mostly to global automotive OEMs across US, Europe, India and China.

### ***Expenses***

#### ***Cost of Materials Consumed and Changes in Inventories of Finished Goods and Work-in Progress***

Cost of materials consumed primarily includes the cost of raw materials, such as special steel alloy bars, iron castings, steel blanks and bolts for manufacturing differential gears and differential assemblies and steel forgings, copper enamelled wires, machined aluminium pressure die castings, bearings, magnets, plastic moulded components and other proprietary parts for manufacturing starter motors and BLDC motors.

Changes in inventories of finished goods and work-in-progress denotes increase/decrease in inventories of finished goods and work in progress between opening and closing dates of a reporting period.

#### ***Employee Benefit Expense***

Employee benefit expenses primarily include salaries, wages, bonus paid to our employees and employee welfare expenses.

#### ***Depreciation and Amortization expenses***

Depreciation and amortization expenses primarily include depreciation expenses on our property, plant and equipment and amortization expenses on our intangibles and right of use assets.

#### ***Finance Cost***

Finance cost includes interest on term loans and working capital borrowings, finance charges for sanction/renewal of credit facilities and bank charges for various banking and/or trade finance transactions done with the banks.

#### ***Other Expenses***

Other expenses primarily comprise of manufacturing, administrative and selling and distribution expenses.

Manufacturing expenses mainly consist of expenses in relation to sub-contracting costs, stores and spares consumed, power and fuel, repairs and maintenance towards plant and machinery and manpower hiring on contract.

Administrative expenses mainly consist of legal and professional charges, travelling, conveyance and vehicle expenses, insurance, repair and maintenance – others.

Selling and distribution expenses mainly comprise of freight, clearing and forwarding charges and consumption of packing material .

### ***Tax Expense***

Our tax expense or credit for the period represents the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

### ***Profit for the year***

Profit for the year represents profit after tax.

### **Results of Operations Based on Our Pro Forma Consolidated Financial Information**

The following table sets forth select financial data from our statement of consolidated pro forma profit and loss for Fiscals 2021, 2020 and 2019, the components of which are also expressed as a percentage of total income for such periods.

	Fiscal					
	2021		2020		2019	
	(₹ in millions, except percentages)					
Income						
Revenue from operations	15,663.00	99.9%	12,200.91	99.4%	14,277.20	99.6%
Other income	23.41	0.1%	75.83	0.6%	57.81	0.4%
Total income	15,686.41	100.0%	12,276.74	100%	14,335.01	100.0%
Expenses						
Cost of materials consumed	7,094.78	45.2%	5,117.30	41.7%	5,616.41	39.2%
Changes in inventories of finished goods and work-in-progress	(641.68)	(4.1%)	22.05	0.2%	168.92	1.2%
Employee benefits expense	1,474.49	9.4%	1,222.30	10.0%	1,238.04	8.6%
Finance costs	325.15	2.1%	268.75	2.2%	197.86	1.4%
Depreciation and amortisation expense	969.40	6.2%	781.85	6.4%	722.45	5.0%
Other expenses	3,325.25	21.2%	2,585.71	21.1%	3,131.40	21.8%
Total expenses	12,547.39	80.0%	9,997.96	81.4%	11,075.08	77.3%
Profit before exceptional item and tax	3,139.02	20.0%	2,278.78	18.60%	3,259.93	22.70%
Exceptional item	139.06	0.9%				
Profit before tax	2,999.96	19.1%	2,278.78	18.6%	3,259.93	22.7%
Tax Expense						
Current tax	666.02	4.2%	506.08	4.1%	1,145.35	8.0%
Tax related to previous years			5.97	0.0%	5.17	0.0%
Deferred tax charge	182.29	1.2%	(450.49)	(3.7%)	(19.34)	(0.1%)
Total tax expense	848.31	5.4%	61.56	0.5%	1,131.18	7.9%
Profit for the year/period	2,151.65	13.7%	2,217.22	18.1%	2,128.75	14.9%

### ***Fiscal 2021 Compared to Fiscal 2020***

#### ***Income***

Our total income increased by 27.8% to ₹15,686.41 million for Fiscal 2021 from ₹12,276.74 million for Fiscal 2020, primarily due to an increase in our revenue from operations and other income as discussed below:

#### ***Revenue from operations***

Our revenue from operations increased by 28.4% to ₹15,663 million for Fiscal 2021 from ₹12,200.91 million for Fiscal 2020, primarily due to an increase in the sale of goods by 26.1% to ₹14,889.34 million for Fiscal 2021 from ₹11,804.19 million for Fiscal 2020. The increase was due to ramp-up of sales volume for some of the new contracts and growth in sales in the Indian tractor market. As a result of an increase in our income from sale of goods to ₹14,889.34 million in Fiscal 2021 from ₹11,804.19 million in Fiscal 2020, our trade receivables and trade payables also increased in Fiscal 2021 as compared to Fiscal 2020. Our receivables amounted to ₹4,169.87 million as on March 31, 2021 as compared to ₹2,336.28 million as on March 31, 2020 due to increase in our sales volume. Our trade payables were ₹2,241.09 million as on March 31, 2021 as compared to ₹1,162.25 million as on March 31, 2020 due to increase in cost of materials consumed and other expenses resulting from increase in sale of goods.

#### ***Other Income***

Our other income decreased by 69.1% to ₹23.41 million in Fiscal 2021 from ₹75.83 million in Fiscal 2020, primarily as a result of decrease in interest income, profit on sale of investments and other non-operating income.

#### ***Expenses***

Our total expenses, which primarily included cost of materials consumed and changes in inventories of finished goods and work-in progress (“cost of materials”), employee benefit expenses and other expenses, increased by 25.5% to ₹12,547.39 million for Fiscal 2021 from ₹9,997.96 million for Fiscal 2020.

#### *Cost of Materials*

Our cost of materials accounted for 41.1% and 41.9% of our total income for Fiscals 2021 and 2020, respectively.

Our cost of materials increased by 25.6% to ₹6,453.10 million for Fiscal 2021 from ₹5,139.35 million for Fiscal 2020 due to increase in the sales of our systems and components during this period as a result of growth in sales in the Indian tractor market and increase in sales volume of some of our new contracts.

#### *Employee Benefit Expenses*

Our employee benefit expenses which primarily included salaries and other benefits paid to employees engaged by us, increased by 20.6% to ₹1,474.49 million for Fiscal 2021 from ₹1,222.30 million for Fiscal 2020 due to increase in number of employees because of increased scale of operations and annual increments given to employees in Fiscal 2021.

#### *Finance Costs*

Our finance costs increased by 21.0% to ₹325.15 million for Fiscal 2021 from ₹268.75 million for Fiscal 2020 primarily due to an increase in our interest on loans and other finance charges by 7.4% to ₹229.65 million in Fiscal 2021 from ₹213.75 million in Fiscal 2020 and an increase in interest on lease liabilities by ₹34.70 million.

Interest expenses increased primarily due to increase in borrowings (excluding deferred payment liabilities and lease liabilities) by ₹606.19 million to primarily finance capital expenditure for expansion of our capacity at Manesar plant.

#### *Depreciation and Amortization Expense*

Our depreciation and amortization expense increased by 24.0% to ₹969.40 million for Fiscal 2021 from ₹781.85 million for Fiscal 2020 of which, 15.2% increase was due to additions to our property, plant and equipment resulting in higher depreciation and 6.6% was due to increase in amortization of intangible assets primarily on account of capitalization of the intangibles under development of BSG and BLDC in the last quarter of Fiscal 2021.

#### *Other Expenses*

Our other expenses accounted for 21.2% and 21.1% of our total income for Fiscals 2021 and 2020, respectively.

Our other expenses increased by 28.6% to ₹3,325.25 million for Fiscal 2021 compared to ₹2,585.71 million for Fiscal 2020, in aggregate, primarily due to increase of ₹779.25 million representing 41.2% increase in expenses such as stores and spares consumed, power and fuel, repairs and maintenance to plant and machinery, sub-contracting cost, manpower hiring on contract, freight, clearing and forwarding charges and consumption of packing materials. Other expenses such as legal and professional charges and travelling, conveyance and vehicle expenses also decreased by ₹30.88 million, a decline of 11.3%.

#### *Exceptional Item*

Exceptional Item of ₹139.06 million during Fiscal 2021 represents IPO related expenses incurred by the Company until March 31, 2021 charged to our profit and loss account.

#### *Tax Expense*

Our tax expense increased by ₹786.75 million to ₹848.31 million for Fiscal 2021 from ₹61.56 million for Fiscal 2020, primarily due to increased profits before tax in Fiscal 2021 and lower tax in Fiscal 2020 on account of adjustment in the accumulated deferred tax liabilities on account of adoption of a lower corporate tax rate.

#### *Profit for the Year*

As a result of the foregoing factors, our profit for the year for Fiscal 2021 decreased by 3.0% to ₹2,151.65 million from a profit of ₹2,217.22 million for Fiscal 2020.

#### ***Fiscal 2020 Compared to Fiscal 2019***

#### *Income*

Our total income decreased by 14.4% to ₹12,276.74 million for Fiscal 2020 from ₹14,335.01 million for Fiscal 2019, primarily due to a decrease in our revenue from operations which was partially offset by an increase in our other income as discussed below:

#### *Revenue from operations*

Our revenue from operations decreased by 14.5% to ₹12,200.91 million for Fiscal 2020 from ₹14,277.20 million for Fiscal 2019, primarily due to a decrease in the sale of goods by 13.5% to ₹11,804.19 million for Fiscal 2020 from ₹13,649.75 million for Fiscal 2019. This decrease was caused by a global slowdown in the automotive industry in Fiscal 2020. According to the CRISIL Report, in Fiscal 2020, the CV, PV and tractor markets in India experienced a decrease in sales volumes by 29%, 18% and 10%, respectively. Further, according to the Ricardo Report, in calendar year 2019, the light vehicle market experienced decreased production volume in North America by 4.4% and Europe by 4.1%, which resulted in decreased demand for automotive vehicles and consequently reduced demand for our automotive systems and components. In addition, due to the outbreak of the COVID-19 pandemic and the lockdown restrictions in India and various countries across the world towards the end of Fiscal 2020 to contain the spread of the COVID-19 pandemic, including restricted road transportation and industrial activity, the automotive industry was severely affected which resulted in further decrease in demand for automotive systems and components, in particular, components which cater to the CV segment within India.

#### *Other Income*

Our other income increased by 31.2% to ₹75.83 million in Fiscal 2020 from ₹57.81 million in Fiscal 2019, primarily as a result of increase in interest income, and profit on sale of investments.

#### *Expenses*

Our total expenses, which primarily included cost of materials consumed and changes in inventories of finished goods and work-in progress ("cost of materials"), employee benefit expenses and other expenses, decreased by 9.7% to ₹9,997.96 million for Fiscal 2020 from ₹11,075.08 million for Fiscal 2019.

#### *Cost of Materials*

Our cost of materials accounted for 41.9% and 40.4% of our total income for Fiscal 2020 and 2019, respectively.

Our cost of materials decreased by 11.2% to ₹5,139.35 million for Fiscal 2020 from ₹5,785.33 million for Fiscal 2019 in proportion with the decrease in the sales of our systems and components during this period primarily due to the global slowdown in the automotive industry in Fiscal 2020 and the outbreak of the COVID-19 pandemic, which resulted in movement restrictions in India and globally and change in our product mix in Fiscal 2020.

#### *Employee Benefit Expenses*

Our employee benefit expenses represent costs related to on-roll employees and therefore are largely fixed in nature. Our employee benefit expenses decreased marginally by 1.3% to ₹1,222.30 million for Fiscal 2020 from ₹1,238.04 million for Fiscal 2019, primarily due to cost control measures implemented by us in Fiscal 2020 to mitigate the impact of the cyclical downturn in the automotive industry and the outbreak of the COVID-19 pandemic and to ensure that we continue to maintain our efficiency and manage any increases in overhead costs during this period.

#### *Finance Costs*

Our finance costs increased by 35.8% to ₹268.75 million for Fiscal 2020 from ₹197.86 million for Fiscal 2019 primarily due to an increase in our interest on loans by 29.8% to ₹188.35 million in Fiscal 2020 from ₹145.07 million in Fiscal 2019 and increase in interest on lease liabilities by ₹18.00 million.

Interest expenses increased primarily due to increase in borrowings (excluding deferred payment liabilities and lease liabilities) by ₹1,459.20 million to finance capital expenditure for setting up of a new unit to manufacture differential assemblies in Manesar and also to partly finance the acquisition of the Comstar Entities. Interest expense also includes interest on lease liabilities which increased due to the new lease agreement for the Manesar plant.

#### *Depreciation and Amortization Expense*

Our depreciation and amortization expense increased by 8.2% to ₹781.85 million for Fiscal 2020 from ₹722.45 million for Fiscal 2019, of which, 4.7% increase was due to additions to our property, plant and equipment resulting into higher depreciation and 3.2% was due to increase in amortization of right-of-use assets, in both cases, primarily on account of the addition of the new facility in Manesar.

## Other Expenses

Our other expenses accounted for 21.1% and 21.8% of our total income for Fiscal 2020 and 2019, respectively.

Our other expenses decreased by 17.4% to ₹2,585.71 million for Fiscal 2020 compared to ₹3,131.40 million for Fiscal 2019, in aggregate, primarily due to decrease of ₹508.34 million, a reduction of 21.2%, in expenses such as stores and spares consumed, power and fuel, repairs and maintenance to plant and machinery, sub-contracting cost, manpower hiring on contract, freight, clearing and forwarding charges and consumption of packing materials. Other expenses such as legal and professional charges and travelling, conveyance and vehicle expenses also decreased by ₹155.61 million, a decline of 36.2%. While some of the decrease in other expenses was a result of a decrease in our revenue from operations on account of the cyclical downturn in the automotive industry and the outbreak of the COVID-19 pandemic in Fiscal 2020, such decrease in other expenses was in line with our measures focused on reducing overhead costs and improving efficiency during Fiscal 2020. This decrease was partially offset by an increase in foreign exchange loss which increased to ₹93.00 million for Fiscal 2020 compared to nil for Fiscal 2019. The higher foreign exchange loss was primarily due to sudden depreciation of INR against USD towards the end of Fiscal 2020 resulting into mark to market loss on hedging contracts outstanding at that point of time.

## Tax Expense

Our tax expense decreased by 94.6% to ₹61.56 million for Fiscal 2020 from ₹1,131.18 million for Fiscal 2019, primarily due to reduced profits before tax, adoption of lower tax rate and adjustment in the accumulated deferred tax liabilities on account of adoption of a lower corporate tax rate.

## Profit for the Year

As a result of the foregoing factors, our profit for the year for Fiscal 2020 increased by 4.2% to ₹2,217.22 million from a profit for the year of ₹2,128.75 million for Fiscal 2019.

## Results of Operations Based on Our Restated Consolidated Financial Information

The following table sets forth select financial data from our restated consolidated statement of profit and loss for Fiscals 2021, 2020 and 2019, the components of which are also expressed as a percentage of total income for such periods.

	Fiscal					
	2021		2020		2019	
	(₹ in millions, except percentages)					
Income						
Revenue from operations	15,663.00	99.9%	10,379.82	99.4%	6,992.20	99.5%
Other Income	23.41	0.1%	57.83	0.6%	32.81	0.5%
Total income	15,686.41	100.0%	10,437.65	100%	7,025.01	100%
Expenses						
Cost of materials consumed	7,094.78	45.2%	4,424.22	42.4%	1,928.41	27.5%
Changes in inventories of finished goods and work-in-progress	(641.68)	(4.1%)	31.78	0.3%	122.19	1.7%
Excise duty	-	-	-	-	-	-
Employee benefits expense	1,474.49	9.4%	1,027.30	9.8%	490.04	7.0%
Finance costs	325.15	2.1%	259.75	2.5%	177.63	2.5%
Depreciation and amortisation expense	969.40	6.2%	671.20	6.4%	309.57	4.4%
Other expenses	3,325.25	21.2%	2,473.75	23.7%	2,451.71	34.9%
Total expenses	12,547.39	80.0%	8,888.00	85.2%	5,479.55	78.0%
Profit before profit/(loss) in associates, tax and exceptional items	3,139.02	20.0%	1,549.65	14.8%	1,545.46	22.0%
Share of profit/(loss) in associate	-	-	-	-	2.17	0.0%
Profit before exceptional items and tax	3,139.02	20.0%	1,549.65	14.8%	1,547.63	22.0%
Exceptional Items	139.06	0.9%	2,320.53	22.2%	-	-
Profit before tax	2,999.96	19.1%	3,870.18	37.1%	1,547.63	22.0%
Tax Expense						
Current tax	666.02	4.2%	365.04	3.5%	471.52	6.7%
Deferred tax	182.29	1.2%	(98.29)	(0.9%)	74.97	1.1%
Total tax expense	848.31	5.4%	266.75	2.6%	546.49	7.8%
Profit for the year from continuing operations	2,151.65	13.7%	3,603.43	34.5%	1,001.14	14.3%
Profit from discontinued operations (net of taxes)	-	-	-	-	730.66	10.4%
Profit for the year	2,151.65	13.7%	3,603.43	34.5%	1,731.80	24.7%

## Fiscal 2021 Compared to Fiscal 2020

### Income

Our total income increased by 50.3% to ₹15,686.41 million for Fiscal 2021 from ₹10,437.65 million for Fiscal 2020, on account of the factors discussed below.

#### *Revenue from operations*

Our revenue from operations increased by 50.9% to ₹15,663.00 million for Fiscal 2021 from ₹10,379.82 million for Fiscal 2020, primarily due to an increase in our sale of goods by 48.4% to ₹14,889.34 million for Fiscal 2021 from ₹10,030.10 million for Fiscal 2020. This increase was due to the full year impact of the acquisition of the Comstar Entities during Fiscal 2021 as compared to the impact of only nine months for Fiscal 2020 commencing from July 5, 2019. The increase in our sale of goods is also attributed to the ramp-up of sales volume for some of the new contracts and growth in sales in the Indian tractor market. As a result of an increase in our income from sale of goods to ₹14,889.34 million in Fiscal 2021 from ₹10,030.10 million in Fiscal 2020, our trade receivables and trade payables also increased in Fiscal 2021 as compared to Fiscal 2020. Our receivables amounted to ₹4,169.87 million as on March 31, 2021 as compared to ₹2,336.28 million as on March 31, 2020 due to increase in our sales volume. Our trade payables were ₹2,241.09 million as on March 31, 2021 as compared to ₹1,162.25 million as on March 31, 2020 due to increase in cost of materials consumed and other expenses resulting from increase in sale of goods.

#### *Other Income*

Our other income decreased by 59.5% to ₹23.41 million for Fiscal 2021 from ₹57.83 million for Fiscal 2020, primarily due to decrease in profit on sale of investments and other non-operating income.

#### *Expenses*

Our total expenses, which primarily included cost of materials consumed and changes in inventories of finished goods and work-in progress ("cost of materials"), employee benefit expenses and other expenses, increased by 41.2% to ₹12,547.39 million for Fiscal 2021 from ₹8,888.00 million for Fiscal 2020 on account of the factors discussed below.

#### *Cost of Materials*

Our cost of materials accounted for 41.1% and 42.7% of our total income for Fiscals 2021 and 2020, respectively. Our cost of materials which primarily included cost of raw materials and components for the manufacture of our products, increased by 44.8% to ₹6,453.10 million for Fiscal 2021 from ₹4,455.99 million for Fiscal 2020 primarily due to increase in revenue resulting from full year impact of the acquisition of the Comstar Entities during Fiscal 2021 as compared to the impact of only nine months for Fiscal 2020 commencing from July 5, 2019 and increase in sale of goods for Fiscal 2021.

#### *Employee Benefit Expense*

Our employee benefit expenses, which primarily included salaries and other benefits paid to employees engaged by us, increased by 43.5% to ₹1,474.49 million for Fiscal 2021 from ₹1,027.30 million for Fiscal 2020 due to increase in number of employees because of increased scale of operations and annual increments paid to employees in Fiscal 2021 and the full year impact of the acquisition of the Comstar Entities during Fiscal 2021 as compared to the impact of only nine months for Fiscal 2020 commencing from July 5, 2019.

#### *Finance Costs*

Our finance costs increased by 25.2% to ₹325.15 million for Fiscal 2021 from ₹259.75 million for Fiscal 2020 primarily due to an increase in our interest on loans by 20.1% to ₹213.06 million in Fiscal 2021 from ₹177.35 million in Fiscal 2020 and increase in interest on lease liabilities by ₹30.70 million.

Interest expenses increased primarily due to increase in borrowings (excluding deferred payment liabilities and lease liabilities) by ₹606.19 million to primarily finance capital expenditure for expansion of our capacity at Manesar plant.

#### *Depreciation and Amortization Expense*

Our depreciation and amortization expense increased by 44.4% to ₹969.40 million for Fiscal 2021 from ₹671.20 million for Fiscal 2020 of which, 22.4% increase was due to additions to our property, plant and equipment resulting into higher depreciation and 18.3% increase was due to higher amortization of intangible assets primarily on account of full year impact of amortization of intangibles generated on the acquisition of the Comstar Entities during Fiscal 2021 as compared to the impact of approximately nine months for Fiscal 2020 commencing from July 5, 2019 and, capitalization of intangibles under development for BSG and BLDC in the last quarter of Fiscal 2021.

#### *Other Expenses*

Our other expenses accounted for 21.2% and 23.7% of our total income for Fiscals 2021 and 2020, respectively.



Our other expenses increased by 34.4% to ₹3,325.25 million for Fiscal 2021 compared to ₹2,473.75 million for Fiscal 2020, in aggregate, primarily due to increase of ₹880.25 million representing 49.2% increase in expenses such as stores and spares consumed, power and fuel, repairs and maintenance to plant and machinery, sub-contracting cost, manpower hiring on contract, freight, clearing and forwarding charges and consumption of packing materials. Other expenses such as legal and professional charges and travelling, conveyance and vehicle expenses also decreased by ₹61.86 million, a decline of 20.3%.

#### *Exceptional Items*

Exceptional Item of ₹139.06 million during Fiscal 2021 represents IPO related expenses incurred by the Company until March 31, 2021 charged to our profit and loss account. During Fiscal 2020, exceptional item of ₹2,320.53 million represented income on account of write-back of accumulated losses upon deconsolidation of Sona BV.

#### *Tax Expense*

Our tax expense increased by ₹581.56 million to ₹848.31 million for Fiscal 2021 from ₹266.75 million for Fiscal 2020, primarily due to increased profits before tax and lower tax for Fiscal 2020 on account of adjustment in the accumulated deferred tax liabilities on account of adoption of a lower corporate tax rate.

#### *Profit for the Year*

As a result of the foregoing factors, our profit for the year for Fiscal 2021 decreased by 40.3% to ₹2,151.65 million from a profit of ₹3,603.43 million for Fiscal 2020.

#### ***Fiscal 2020 Compared to Fiscal 2019***

On July 5, 2019, our Company completed the acquisition of the Comstar Entities, pursuant to which, Comstar Entities became subsidiaries of our Company with effect from July 5, 2019. Consequently, our results for the Fiscal 2020 are not comparable to those of the earlier periods/years.

#### *Income*

Our total income increased by 48.6% to ₹10,437.65 million for Fiscal 2020 from ₹7,025.01 million for Fiscal 2019, on account of the factors discussed below.

#### *Revenue from operations*

Our revenue from operations increased by 48.4% to ₹10,379.82 million for Fiscal 2020 from ₹6,992.20 million for Fiscal 2019, primarily due to an increase in our sale of goods by 52.2% to ₹10,030.10 million for Fiscal 2020 from ₹6,588.75 million for Fiscal 2019 due to the acquisition of the Comstar Entities with effect from July 5, 2019 which has been consolidated in the financials for Fiscal 2020. With the acquisition of the Comstar Entities, we expanded our portfolio of systems and components which resulted in an increase in the demand of our products and consequently an increase in our volume of operations. This increase on account of acquisition of the Comstar Entities was partially offset by a decrease in the sale of goods caused by the cyclical downturn in the automotive industry in Fiscal 2020 which resulted in reduced demand for our automotive systems and components. There was a further decrease in the demand for our systems and components due to the outbreak of the COVID-19 pandemic towards the end of Fiscal 2020 and the lockdown measures in India and globally, imposing movement restrictions to curb the spread of the COVID-19 pandemic, which resulted in general slowdown in the global economy, including the automotive industry.

#### *Other Income*

Our other income increased by 76.3% to ₹ 57.83 million for Fiscal 2020 from ₹32.81 million for Fiscal 2019, primarily due to an increase in the profit on the sale of investments at fair value and other non-operating income related to the acquisition of the Comstar Entities.

#### *Expenses*

Our total expenses, which primarily included cost of materials consumed and changes in inventories of finished goods and work-in progress ("cost of materials"), employee benefit expenses and other expenses, increased by 62.2% to ₹8,888.00 million for Fiscal 2020 from ₹5,479.55 million for Fiscal 2019 on account of the factors discussed below.

#### *Cost of Materials*

Our cost of materials accounted for 42.7% and 29.2% of our total income for Fiscal 2020 and 2019, respectively. Our cost of materials consumed increased by 117.3% to ₹4,456.00 million for Fiscal 2020 from ₹2,050.60 million for Fiscal 2019 primarily

due to increase in revenue resulting from the acquisition of the Comstar Entities. As a result of the acquisition of the Comstar Entities in Fiscal 2020, we expanded and diversified our portfolio of systems and products which resulted in increase in production volumes and sales and consequently an increase in the cost of materials.

#### *Employee Benefit Expense*

Our employee benefit expenses represent costs related to on-roll employees and therefore is largely fixed in nature. Our employee benefit expense increased by 109.6% to ₹1,027.30 million for Fiscal 2020 from ₹490.04 million for Fiscal 2019, primarily as a result of the impact of the acquisition of the Comstar Entities, which significantly increased our headcount resulting in increase in salaries of employees.

#### *Finance Costs*

Our finance costs increased by 46.2% to ₹259.75 million for Fiscal 2020 from ₹177.63 million for Fiscal 2019 primarily due to an increase in our interest on loans by 32.3% to ₹ 177.35 million in Fiscal 2020 from ₹ 134.07 million in Fiscal 2019 and increase in interest on lease liabilities by ₹25.23 million due to the new leased asset taken for setting up plant in Manesar for manufacturing differential assemblies.

#### *Depreciation and Amortization Expense*

Our depreciation and amortization expense increased by 116.8% to ₹671.20 million for Fiscal 2020 from ₹309.57 million for Fiscal 2019 primarily as a result of an increase in our asset base on account of acquisition of the Comstar Entities, amortization of intangibles generated upon consolidation of the Comstar Entities and addition to our property plant and equipment for the new facility in Manesar plant.

#### *Other Expenses*

Our other expenses marginally increased by 0.9% to ₹2,473.75 million for Fiscal 2020 compared to ₹2,451.71 million for Fiscal 2019.

#### *Exceptional item:*

During Fiscal 2020, the company sold 81% stake in its wholly owned subsidiary, Sona Holding BV Netherlands (Sona BV), to Sona Autocomp Private Limited, for a sale consideration of ₹1,399.48 million and recognized gain on loss of control of ₹2,320.53 million.

#### *Tax Expense*

Our tax expense decreased by 51.2% to ₹266.75 million for Fiscal 2020 from ₹546.49 million for Fiscal 2019, due to adoption of lower tax rate and adjustment in the accumulated deferred tax liabilities due to adoption of new lower tax rate. This was offset partially by tax on increased aggregate profit before tax as a result of acquisition of the Comstar Entities.

#### *Profit From Discontinued Operations:*

For Fiscal 2019, our company had profit from discontinued operations of ₹730.66 million (net of taxes), which comprised consolidation of profits for the year from Sona B.V. and its subsidiaries which were classified as assets and liabilities of disposal group classified as Held for Sale.

#### *Profit for the Year*

As a result of the foregoing factors, our profit for the year for Fiscal 2020 increased by 108.1% to ₹3,603.43 million from a profit of ₹1,731.80 million for Fiscal 2019.

### **Liquidity and Capital Resources**

Historically, our primary liquidity requirements have been to finance our working capital needs for our operations. We have met these requirements through cash flows from operations, equity infusions from shareholders and borrowings. As of March 31, 2021, we had ₹249.48 million in cash and cash equivalents, ₹26.27 million as bank balances, ₹1,144.99 million in short term borrowings and ₹2,497.48 million in term loans from banks (excluding deferred payment liabilities). We believe that, after taking into account the expected cash to be generated from operations, our borrowings and the proceeds from the Offer, we will have sufficient liquidity for our present requirements and anticipated requirements for capital expenditure and working capital for 12 months following the date of this Red Herring Prospectus.

In Fiscal Years 2019, 2020 and 2021, our total liabilities based on our Pro Forma Consolidated Financial Information amounted to ₹5,806.29 million, ₹6,727.41 million and ₹8,709.29 million, respectively. Our total liabilities based on our Restated Consolidated Financial Information amounted to ₹14,563.57 million, ₹6,727.41 million and ₹8,709.29 million for the Fiscal Years 2019, 2020 and 2021, respectively.

There has been no incident of default of loans by the Company in the Fiscal Years 2019, 2020 and 2021.

On February 19, 2021, India Ratings and Research upgraded our long-term rating to “IND AA-” with stable outlook from “IND A+” and also assigned a short term rating of “IND A1+”. According to the rating agency, the upgrade in our long-term rating reflects, among other things, improving business profile with increasing revenue from sales of EV components, healthy order book, continued strong EBITDA margins, strong consolidated credit profile and established market position.

In order to mitigate the impact of the COVID-19 pandemic on our operations, we have proactively taken various steps such as reducing some of our administrative and other fixed expenses and arranging for additional liquidity through working capital loans to manage our expenses and liquidity.

#### ***Cash Flows Based on Our Pro Forma Consolidated Financial Information***

The table below summarizes the statement of cash flows, as per our pro forma consolidated cash flow statements, for the periods indicated:

	Fiscal		
	2021	2020	2019
	(₹ in millions)		
Net cash generated from operating activities	1,427.26	3,092.42	2,689.43
Net cash (used in)/generated from investing activities	(1,560.64)	(9,486.73)	(1,306.82)
Net cash (used in)/generated from financing activities	(666.99)	7,083.22	(1,456.37)
<b>Cash and cash equivalents at the end of the year</b>	<b>249.48</b>	<b>1,049.85</b>	<b>360.94</b>

#### ***Operating Activities***

Net cash generated from operating activities for Fiscal 2021 was ₹1,427.26 million, while our operating profit before working capital changes was ₹4,025.91 million. The difference was primarily attributable to cash outflows on account of increase in net working capital consisting of changes in inventories, trade receivables and trade payable of ₹1,966.81 million, increase in other assets of ₹181.38 million, increase in financial liabilities of ₹58.13 million and tax outflow of ₹528.17 million.

Net cash generated from operating activities for Fiscal 2020 was ₹3,092.42 million, while our operating profit before working capital changes was ₹3,486.91 million. This difference was primarily attributable to a tax outflow of ₹ 398.09 million during the period. This was partially offset by ₹120.39 million due to change in net working capital consisting of change in inventories, trade receivables and trade payable.

Net cash generated from operating activities for Fiscal 2019 was ₹2,689.43 million, while our operating profit before working capital changes was ₹4,100.98 million. This difference was primarily on account of cash outflow of ₹520.14 million due to an increase in net working capital (consisting of changes in inventories, trade receivables and trade payable) and ₹1,164.07 million due to payment of tax. This outflow was partially offset by ₹352.84 million decrease in other financial assets.

#### ***Investing Activities***

Net cash used in investing activities for Fiscal 2021 was ₹1,560.64 million, primarily due to payments made for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances, of ₹2,189.37 million, partly funded by proceeds from bank deposits amounting to ₹597.79 million.

Net cash used in investing activities for Fiscal 2020 was ₹9,486.73 million, primarily consisting of cost of acquisition of Comstar entities of ₹8,517.00 million and payments made for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances, of ₹2,240.59 million. This was partially offset by a cash inflow on account of sale of 81% stake in subsidiary Sona B.V., Netherlands for ₹1,399.48 million.

Net cash used in investing activities for Fiscal 2019 was ₹1,306.82 million, which primarily included payments made for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances, of ₹1,163.88 million for our operations.

#### ***Financing Activities***

Net cash used in financing activities for Fiscal 2021 was ₹666.99 million, and primarily included dividend paid of ₹904.02 million and interest payment of ₹246.31 million partially offset by net increase in borrowings of ₹608.12 million.

Net cash generated from financing activities for Fiscal 2020 was ₹7,083.22 million, which primarily included proceeds from issue of equity shares and compulsorily convertible preference shares of ₹ 8,706.06 million and proceeds from long-term borrowings of ₹ 1,607.55 million. This was partially offset by cash outflows for financing activities on account of repayment of long-term borrowings of ₹373.66 million, dividend and dividend tax paid of ₹1,731.08 million, buyback of shares and tax paid on buyback of ₹997.85 million and interest payment of ₹204.75 million.

Net cash used in financing activities for Fiscal 2019 was ₹1,456.37 million, which primarily included payments of dividend and dividend tax of ₹1,032.00 million, repayment of long-term borrowings of ₹954.76 million and interest payment of ₹ 175.19 million. This was partially offset by cash inflows from new long-term borrowings of ₹693.18 million for capital expenditure.

### ***Cash Flows Based on Our Restated Consolidated Financial Information***

The table below summarizes the statement of cash flows, as per our restated consolidated cash flow statements, for the periods indicated:

	Fiscal		
	2021	2020	2019
	(₹ in millions)		
Net cash generated from operating activities	1,427.26	2,533.41	1,546.05
Net cash (used in)/generated from investing activities	(1,560.64)	(9,542.10)	2,041.47
Net cash (used in)/generated from financing activities	(666.99)	7,668.24	(3,461.23)
<b>Cash and cash equivalents at the end of the year</b>	<b>249.48</b>	<b>1,049.85</b>	<b>390.30</b>

### ***Operating Activities***

Net cash generated from operating activities for Fiscal 2021 was ₹1,427.26 million, while our operating profit before working capital changes was ₹4,025.91 million. The difference was primarily attributable to cash outflows on account of increase in net working capital (consisting of changes in inventories, trade receivables and trade payable) of ₹1,966.81 million, increase in other assets of ₹181.38 million, decrease in financial liabilities of ₹58.13 million and tax outflow of ₹528.17 million.

Net cash generated from operating activities for Fiscal 2020 was ₹2,533.41 million, while our operating profit before working capital changes was ₹2,647.74 million. The difference was primarily attributable to tax paid (cash outflow) of ₹278.09 million. This was partially offset by changes in net working capital consisting of changes in inventories, trade receivables and trade payables leading to cash inflow of ₹214.52 million.

Net cash from operating activities for Fiscal 2019 was ₹1,546.05 million, while our operating profit before working capital changes was ₹2,008.85 million. The difference was primarily attributable to tax payment of ₹494.07 million and net outflow of ₹405.55 million from operating activities from discontinued operations. This was partially offset by an increase in financial liabilities of ₹554.63 million.

### ***Investing Activities***

Net cash used in investing activities for Fiscal 2021 was ₹1,560.64 million, primarily due to payments made for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances, of ₹2,189.37 million, partly funded by proceeds from bank deposits amounting to ₹597.79 million.

Net cash used in investing activities for Fiscal 2020 was ₹9,542.10 million, which primarily included net cash outflow for the acquisition of Comstar Entities of ₹8,218.00 million and payments made for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances of ₹2,120.60 million. This was partially offset by a net cash inflow on account of sale of 81% stake in subsidiary Sona B.V., Netherlands for ₹1,011.12 million.

Net cash generated from investing activities for Fiscal 2019 was ₹2,041.47 million, which primarily included cash flow generated from discontinued operations of ₹3,674.77 million. This was partially offset by cash outflows on account of payments made for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances of ₹1,417.69 million and amount invested in bank deposits of ₹254.12 million.

### ***Financing Activities***

Net cash used in financing activities for Fiscal 2021 was ₹666.99 million, and primarily included dividend paid of ₹904.02 million and interest payment of ₹246.31 million partially offset by net increase in borrowings of ₹608.12 million.

Net cash generated from financing activities for Fiscal 2020 was ₹7,668.24 million, which primarily included proceeds from the issuance of equity shares and compulsorily convertible preference shares of ₹8,706.06 million and proceeds from long-term borrowings of ₹1,607.55 million availed for capital expenditure. This was partially offset by cash outflows on account of repayment of long-term borrowings of ₹373.66 million, payment of dividend and dividend tax of ₹1,166.08 million, buyback of shares and tax paid on buyback of ₹997.85 million and interest payment of ₹212.75 million.

Net cash used in financing activities for Fiscal 2019 was ₹3,461.23 million, which primarily included net cash used in discontinued operations of ₹3,124.17 million, repayment of long-term borrowings of ₹534.76 million and interest payment of ₹160.19 million. It was partially offset by proceeds from long term borrowings ₹343.18 million.

### Indebtedness

As of March 31, 2021, we had term loans (excluding deferred payment liabilities) of ₹2,497.48 million and working capital borrowings of ₹1,144.99 million, with a debt to equity ratio\* of 28.1% as per the Restated Consolidated Financial Information. Some of our financing agreements include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. We cannot assure you that we will be able to obtain these consents and any failure to obtain these consents could have significant adverse consequences for our business. For further information on our agreements governing our outstanding indebtedness, see “Financial Indebtedness” on page 359.

\*Debt comprises of term loans, total current borrowings and deferred payment liabilities while equity refers to total equity.

### Contractual Obligations

The table below sets forth our contractual obligations as of March 31, 2021 as per the Restated Consolidated Financial Information. These obligations primarily relate to our contractual maturities of financial liabilities such as borrowings, trade payables, other financial liabilities (which includes current maturities of long-term debt, interest accrued, payables on purchases of fixed assets and MTM of derivative hedging instruments and lease liabilities).

	Total	Less than 1 year	1 year to 5 years	More than 5 years
	(₹ in millions)			
Borrowings	4,574.20	2,355.74	2,129.88	88.58
Trade Payables	2,241.09	2,241.09	-	-
Other financial liabilities	219.43	219.43	-	-
Lease liabilities	1,464.55	105.27	447.68	911.61
<b>Total</b>	<b>8,499.27</b>	<b>4,921.53</b>	<b>2,577.56</b>	<b>1,000.19</b>

### Contingent Liabilities

The following table sets forth the principal components of our contingent liabilities as of March 31, 2021 as per the Restated Consolidated Financial Information:

	As of March 31, 2021
	(₹ in millions)
1) Claims against the Group not acknowledged as debts .....	
i) Service tax	
Cases pending before Appellate Authorities in respect of which the Company has filed appeals / show cause notices. (FY 2005-06 to 2007-08) .....	0.47
ii) Income Tax*	
Cases pending before Appellate Authorities in respect of which the Company has filed appeal (AY-2013-14).....	2.12
Cases pending before Appellate Authorities in respect of which the Company has filed appeal (AY-2012-13).....	3.18
Cases pending before Appellate Authorities in respect of which the Company has filed appeal (AY-2011-12).....	4.21
Cases pending before ITAT in respect of which the Company has filed appeal (AY-2016-17)	2.00
Cases pending before CIT in respect of which the Company has filed appeal (AY-2017-18)**	70.78
Cases pending before CIT in respect of which the Company has filed appeal (AY-2018-19)*** .....	3.73
iii) Central Excise Act, 1944	
Case pending before Directorate General of Goods And Service Tax Intelligence in respect of which the Group has filed appeals/show cause notices. (FY 2014-15 to FY 2017-18)	14.85

\* Amount paid under protest of ₹24.48 million.

- \*\* Total disputed amount of the case is ₹79.40 million (including interest liability) out of which ₹8.63 million (including interest liability) has been provided as a provision and balance amount of ₹70.78 million (including interest liability) is being disclosed as a contingent liability.
- \*\*\* One of the subsidiaries of the Group has received an assessment order on April 2, 2021 under section 143(3) for the Assessment Year 2018-19 by disallowing: (i) the deduction claimed under section 35(2AB) of Income Tax Act 1961 (the Act) amounting to ₹307.24 million whereas the amount of allowance in Form 3CL amounted to ₹266.23 million resulting in excess claim of ₹41.01 million. Of the excess claim of ₹ 41.01 million, the assessing officer has admitted an amount of ₹27.34 million as revenue expenditure under section 35(2AB) which the Company is otherwise eligible to claim under section 37 of the Act. Therefore, the net disallowance amounted to ₹13.67 million (ii) provision for warranty amounting to ₹9.00 million was disallowed on the grounds that the same is disallowed during the Assessment Years 2016-17 and 2017-18. Considering the above mentioned disallowances, the assessing officer has raised a demand of ₹3.73 million under section 156 of the Act. The Company intends to file an appeal with the Commissioner of Income Tax-Appeals. Based on professional advice, the Company strongly believes that the case will be decided in their favour and hence no provision has been considered. .

## Off-Balance Sheet Arrangements

We undertake hedging of our net foreign currency exposure through forward contracts. Other than such forward contracts we do not have any off-balance sheet arrangements, derivative instruments or other relationships with other entities that would have been established for the purpose of facilitating off-balance sheet arrangements.

## Related Party Transactions

We enter into various transactions with related parties. For further information see “*Restated Consolidated Financial Information – Note 40*” on page 293.

## Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, foreign currency hedging instruments such as forward contracts and options. We have put in place appropriate risk management policies to limit the impact of these risks on its financial performance. The company ensures optimization of cash through fund planning and robust cash management practices.

### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of our borrowings, both term and working capital, are floating rate linked borrowings wherein interest rate is reset at different time intervals. Fluctuation in interest rates will therefore have a bearing on our debt service obligations.

The exposure of our borrowings to interest rate changes as per the Restated Consolidated Financial Information at the end of the reporting period is as follows:

	As of March 31, 2021
	(₹ in millions)
Variable rate borrowings	3,634.40
Fixed rate borrowings	28.20
<b>Total borrowings</b>	<b>3,662.60</b>
<b>Sensitivity</b>	
Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.	
<b>Impact on profit after tax</b>	
Interest rate (increase by 100 basis points)#	24.92
Interest rate (decrease by 100 basis points)#	(24.92)

# Holding other variables constant.

### Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Our exposure to the risk of changes in foreign exchange rates relates primarily to our Company’s operating activities (when revenue or expense is denominated in a foreign currency). We operate internationally and a large portion of the business is transacted mainly in US\$ and consequently we are exposed to foreign exchange risk through our sales and services in the USA, Europe, China and other countries across the world, and purchases from overseas suppliers in various foreign currencies. Foreign currency fluctuation will also have an effect on assets and liabilities of our foreign subsidiaries.

The Company's exposure to foreign currency risk as per the Restated Consolidated Financial Information at the end of the reporting period indicated is as follows:

Foreign currency	As at March 31, 2021 (in million)
<b>Trade receivables and others</b>	
United States Dollar (USD)	43.67
Euro (EUR)	0.54
Japanese Yen (JPY)	-
RMB	8.49
Others	0.08
<b>Trade payables</b>	
United States Dollar (USD)	8.97
Euro (EUR)	0.30
Japanese Yen (JPY)	76.77
Canadian Dollar (CAD)^	0.00
Swiss Franc (CHF)	0.01
RMB	11.50
Others	2.76
^Rounded off to Nil	

\*Total forward contracts of the Company as at March 31, 2021 was ₹7,242.86 million (USD 89.09 million).

### Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instrument. Impact on profit after tax as per the Restated Consolidated Financial Information is as follows.

Impact on profit after tax	For the period ended March 31, 2021
USD sensitivity	
₹/USD- increase by 1.0% *	18.99
₹/USD- decrease by 1.0% *	(18.99)
EUR sensitivity	
₹/EURO- increase by 1.0% *	0.16
₹/EURO- decrease by 1.0% *	(0.16)
JPY sensitivity	
₹/JPY - increase by 1.0% *	(0.38)
₹/JPY - decrease by 1.0% *	0.38
CAD sensitivity	
₹/CAD - Increase by 1.0% *	(0.00)
₹/CAD - Decrease by 1.0% *	0.00
RMB sensitivity	
₹/RMB - Increase by 1.0% *	(1.26)
₹/RMB - Decrease by 1.0% *	1.26

\* Holding other variables constant

### Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the Board, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company manages liquidity risk by maintaining adequate cash reserves, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Accordingly, no liquidity risk is perceived.

The table below sets forth our undrawn borrowings facilities as per the Restated Consolidated Financial Information as at March 31, 2021.

	As at March 31, 2021 (₹ in millions)
Expiring within one year (bank loans)	670.99
Expiring beyond one year (bank loans)	-

## **Capital Expenditures**

Our historical capital expenditures were, and we expect our future capital expenditures to be, primarily for purchase of plant and equipment. In Fiscal Years 2019, 2020 and 2021, our capital expenditures (comprising of payments for acquisition of property, plant and equipment, intangibles and capital work in progress including capital advances) were ₹1,163.88 million, ₹2,240.59 million and ₹2,189.37 million, respectively as per our Pro Forma Consolidated Financial Information.

## **Significant Economic Changes**

Other than as described above under the heading titled “*Our Business – Impact of the COVID-19 pandemic*” and “*Principal Factors Affecting Our Financial Condition and Results of Operations*,” to the knowledge of our management, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

## **Unusual or Infrequent Events of Transactions**

Except as described in this Red Herring Prospectus, there have been no other events or transactions that, to our knowledge, may be described as “unusual” or “infrequent”.

## **Known Trends or Uncertainties**

Our business has been affected and we expect will continue to be affected by the trends identified above in the heading titled “*Principal Factors Affecting Our Financial Condition and Results of Operations*” and the uncertainties described in the section titled “*Risk Factors*” beginning on page 26. To our knowledge, except as described or anticipated in this Red Herring Prospectus, there are no known factors which we expect will have a material adverse impact on our revenues or income from continuing operations.

## **Future Relationship Between Cost and Income**

Other than as described in this Red Herring Prospectus, including disclosure regarding the impact of COVID-19 on our operations, to the knowledge of our management, there are no known factors that might affect the future relationship between costs and revenues.

See “Risk Factor - The COVID-19 pandemic, or a similar public health threat, could adversely affect our business, financial condition, and results of operations” for risks of the COVID-19 outbreak on our operations and financial condition; and see “Our Business – Impact of the COVID-19 pandemic” for more details regarding the impact of COVID-19 on our operations.

## **New Products or Business Segments**

Other than as described in “*Our Business*” on page 167 of this Red Herring Prospectus, there are no new products or business segments in which we operate.

## **Seasonality of Business**

Our business is not subject to seasonal variations.

## **Qualification Included by Auditors**

Our Statutory Auditors have included an audit qualification in relation to our Restated Consolidated Financial Information for Fiscal Year 2020 for the matter stated below, while mentioning that it does not have any effect on our consolidated profit and equity attributable to the owners for Fiscal 2021. The qualification states that the majority shareholding in SONA BV, our erstwhile subsidiary company, which was classified as a ‘discontinued operation’ in the consolidated financial statements for the previous year ended March 31, 2019, was sold to Sona Autocomp on July 4, 2019, and consequently, our Company ceased to exercise control over the erstwhile subsidiary company from July 5, 2019 onwards. Due to the unavailability of the consolidated financial statements of SONA BV and its subsidiaries (“SONA BV Group”) for the period from April 1, 2019 to July 4, 2019, the consolidated financial information of the SONA BV Group for the period from April 1, 2019 to July 4, 2019 has not been included in our consolidated financial statements for Fiscal Year 2020, and the assets and liabilities of Sona BV Group have been derecognized at their respective carrying values as at March 31, 2019 instead of July 4, 2019. Our Statutory Auditors have stated in their audit opinion that this accounting treatment is not in compliance with the requirements of Ind AS 110 - Consolidated Financial Statements and had the consolidated financial statements of the Company been prepared after considering the consolidated financial statements of Sona BV Group for the period from April 1, 2019 to July 4, 2019, the “Profit or Loss from discontinued operations” would have been higher and “Exceptional Item” would have been lower by the same amount with no effect on the consolidated profit of the Group for Fiscal 2020 and its equity attributable to the owners on that date. Further, Note 49 of the Restated Consolidated Financial Information states that owing to the insolvency proceedings and acquisition of the businesses by a third party, despite the best efforts of management, substantiated by multiple communications over electronic



mail, our Company was unable to obtain the audited consolidated financial statements of SONA BV for the period from April 1, 2019 to July 4, 2019. Our Company has not been able to arrange the consolidated financial statements of SONA BV for the above mentioned period until the date of the examination report of the Restated Consolidated Financial Information. Accordingly, the modification in the auditor's report dated April 27, 2021, could not be adjusted in the Restated Consolidated Financial Information for Fiscal 2020. Consequently, our auditors were unable to quantify its impact on the said items in the accompanying Restated Consolidated Financial Information and thus our Restated Consolidated Financial Information for Fiscal 2020 may not be comparable to Fiscal 2021 with respect to this matter.

For further details concerning the qualification noted in our audit report for the Restated Consolidated Financial Information, please see "*Restated Consolidated Financial Information*" on page 239.

#### **Significant Developments After March 31, 2021**

Except as stated in this Red Herring Prospectus, including disclosure regarding the impact of COVID-19 on our operations, to our knowledge, no circumstances have arisen since the date of the Restated Consolidated Financial Information as disclosed in this Red Herring Prospectus which materially and adversely affect or are likely to affect our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next twelve months. See "*Risk Factor - The COVID-19 pandemic, or a similar public health threat, could adversely affect our business, financial condition, and results of operations*" for risks of the COVID-19 pandemic on our operations and financial condition.

## SECTION VI: LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no outstanding (i) criminal proceedings, (ii) actions taken by statutory or regulatory authorities, (iii) claims related to direct and indirect taxes, in a consolidated manner or (iv) material civil litigation, in each case involving our Company, Subsidiaries, the Sona Promoters, Singapore Topco or our Directors (collectively, the “**Relevant Parties**”). Further, there are no disciplinary actions including penalty imposed by SEBI or stock exchanges against the Sona Promoters or Singapore Topco in the last five Financial Years including outstanding action.

In relation to (iv) above, our Board in its meeting held on April 27, 2021, has considered and adopted a policy of materiality for identification of material civil litigation (“**Materiality Policy**”). In terms of the Materiality Policy:

- (i) any outstanding civil litigation involving the Relevant Parties (other than the Sona Autocomp and Singapore Topco) which exceed the amount of ₹ 21.52 million (being 1% of the total profit after tax as per the Restated Consolidated Financial Information of the Company for the Financial Year 2021) have been considered material;
- (ii) any outstanding civil litigation involving Sona Autocomp which exceeds the amount which is ₹ 14.08 million (being 1% of the total standalone revenue of Sona Autocomp, for the Financial Year 2020) have been considered material; and
- (iii) any outstanding civil litigation involving Singapore Topco which exceeds the amount which is ₹ 3 million (being 1% of the total consolidated revenue of Singapore Topco, for the Financial Year 2020) have been considered material.

Accordingly, disclosures of the following types of litigation involving the Relevant Parties have been considered material and accordingly disclosed, as applicable, (a) where the aggregate amount involved in such individual civil litigation (including tax proceedings) exceeds the relevant monetary threshold disclosed above, individually; (b) where the decision in one case is likely to affect the decision in similar cases, even though the amount involved in an individual litigation may not exceed the relevant monetary threshold; (c) where the monetary liability is not quantifiable, but where the outcome of such legal proceedings could have a material adverse effect on the business, operations, financial position, prospects or reputation, results of operations or cash flows of our Company.

Except as stated in this section, there are no outstanding material dues to creditors of our Company. For this purpose, our Board has considered and adopted a policy of materiality for identification of material outstanding dues to creditors. In terms of this materiality policy, outstanding dues to any creditor of our Company having monetary value exceeding ₹ 112.05 million, which is 5% of the total trade payables of our Company, as per the latest Restated Consolidated Financial Information of our Company included in this Red Herring Prospectus, shall be considered as ‘material’. Accordingly, as on March 31, 2021, any outstanding dues exceeding ₹ 112.05 million have been considered as material outstanding dues for the purpose of disclosure in this section. Further, for outstanding dues to any party which is a micro, small or medium enterprise (“**MSME**”), the disclosure is based on information available with the Company regarding status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Act, 2006, as amended, as has been relied upon by Statutory Auditors.

It is clarified that for the purposes of the above, pre-litigation notices received by the Relevant Parties from third parties (excluding those notices issued by statutory/regulatory/tax authorities) shall, unless otherwise decided by our Board, not be considered as material until such time that the Relevant Parties, as applicable, is impleaded as defendant in litigation proceedings before any judicial forum.

We have also disclosed matters relating to direct and indirect taxes involving the Relevant Parties in a consolidated manner giving details of number of cases and total amount involved in such claims.

#### Litigation involving our Company

##### Litigation against our Company

##### Material Tax Proceedings

1. The Office of the Assistant Commissioner of Income Tax, Delhi (“**ACIT Delhi**”) has issued an assessment order dated December 29, 2019 (“**2019 AO Order**”) in relation to the income tax returns filed by our Company for AY 2017-18 and has also issued a demand notice dated December 29, 2019 for a sum of approximately ₹70.85 million payable by our Company for AY 2017-18. Pursuant to the 2019 AO Order, the ACIT Delhi noted that payments made by our Company in lieu of a loan availed by an affiliate of our Company aggregating to ₹136.23 million and losses incurred on account of embezzlement of ₹ 16.60 million were claimed as business expenses and other expenses respectively. The ACIT Delhi has rejected such claiming of expenses under Sections 36 and 37 of the Income Tax Act, 1961, respectively, and has included such expenses/losses in the taxable income of the Company for the relevant AY and initiated penalty proceedings against our Company. Our Company has subsequently filed an appeal dated January 17, 2020 before the Commissioner

of Income Tax (Appeals) against the 2019 AO Order on the grounds that, *inter alia*, (a) giving of guarantee for the loan taken by a subsidiary is to preserve reputation and maintain credit rating, among others and thus, the disallowance of such expenses was erroneous and; (b) loss occurring on account of embezzlement is in connection to the business operations and such risk is inherent to carrying out business activities and thus, disallowance of such revenue expenses was erroneous. Further, the Company has also filed an application dated February 7, 2020 seeking a stay on the demand notice by depositing 20% of the total amount demanded. The matter is currently pending.

### ***Litigation by our Company***

#### ***Material Civil Litigation***

1. Our Company, along with Sona Management Services Limited, has filed a suit dated July 20, 2020 (as amended by way of an application dated September 22, 2020 and allowed by way of an order dated December 8, 2020 passed by the High Court of Delhi), in the High Court of Delhi against M/s Sona Mandhira Private Limited (“**Sona Mandhira**”), Mandira Koirala, Brij Mohan Gupta and Rakesh Kumar Gaind (the “**Defendants**”), alleging infringement, unauthorised, illegal and *mala fide* adoption, usage, misrepresentation, dilution and passing off of the Company’s trademark/ trade name/ device mark/ logo ‘SONA’ by illegally using our Company’s trademark as part of Sona Mandhira’s corporate name in respect of allied/ cognate goods and services being supplied by Sona Mandhira Private Limited in relation to automobile parts. Our Company has *inter-alia* sought for a permanent injunction restraining the Defendants, their family members, partners, promoters, directors, servants, agents, assignees, franchisees or anyone acting for and on their behalf from using the trademark/trade name/logo “SONA” either in relation to goods and services or as part of tradename, domain name or in any other manner. A temporary injunction by way of an application has also been sought in this regard during the pendency of the suit and the same is pending adjudication. The Company has sought damages of ₹ 20 million from the Defendants and has also sought that “SONA” be declared a well-known mark in relation to automotive components. Further, our Company has also sought for a decree directing the defendant, Sona Mandhira Private Limited to alter its name, by ceasing to use the “SONA” mark. The Defendants have submitted a written statement dated August 5, 2020 read with additional written statements dated August 20, 2020, January 11, 2021 and March 12, 2021 denying our Company’s allegations. Our Company along with Sona Management Services Limited has submitted replications to the written statements of the Defendants on August 11, 2020 along with a rejoinder dated August 11, 2020 to Defendants’ reply to the application for interim relief, an additional replication to the additional written statement of the Defendants dated September 5, 2020, a replication to the comprehensive written statement of the Defendants dated February 21, 2021 and a response to the written submissions of the Defendants dated March 20, 2021. Further, our Company has submitted a brief written submission on March 10, 2021. The matter is currently pending before the High Court of Delhi and is listed for hearing on July 6, 2021 for conclusion of pleadings and arguments in relation to application for temporary injunction.
2. Our Company filed a writ petition dated July 13, 2017 in the High Court of Punjab and Haryana at Chandigarh, impleading the State of Haryana, the Haryana State Industrial and Infrastructure Development Corporation (the “**HSI IDC**”) and the Haryana Urban Development Authority and the Estate Manager, HSI IDC. Our Company was allotted an industrial plot for establishment of a manufacturing plant and the said allotment was brought under the purview of the Estate Management Procedure 2015 with effect from October 16, 2015, as amended (“**EMP 2015**”), which proposed to provide primary and secondary level of development for allottees. In terms of EMP, 2015, in the event such plot is surrendered before the offer of possession, HSI IDC is required to refund the entire amount paid by the allottees for price of the plot without any deduction. Through the writ petition, our Company submitted that the plot priced at ₹ 184.9 million, was surrendered, due to inadequate basic infrastructure facilities in accordance with the procedure set out in under the EMP 2015. It was further submitted that the HSI IDC refunded an amount of ₹ 165.4 million to the Company after deducting an amount of ₹ 19.5 million. Furthermore, our Company also claimed independent valuer’s assessment of the construction carried out on the plot as per the relevant bye-laws. By way of this writ petition, the Company challenged the erroneous deduction of ₹ 19.5 million by HSI IDC. Further, the Company has claimed a refund of penal interest of ₹ 1 million levied by HSI IDC and has sought for an assessment from an independent valuer of the construction carried out on the property. The matter is currently pending.

### ***Litigation involving our Subsidiaries***

#### ***Litigation involving Comstar Automotive***

#### ***Litigation against Comstar Automotive***

#### ***Material Tax Proceedings***

1. The Office of the Assistant Commissioner of Income Tax, Chennai (“**ACIT Chennai**”) has issued an assessment order dated December 21, 2016 (“**2016 AO Order**”) in relation to the income tax returns filed by Comstar Automotive for AY 2010-11. Pursuant to 2016 AO Order, the ACIT Chennai, *inter alia*, noted that an amount aggregating to ₹ 37.90 million has been claimed as expense in relation to power projects. The ACIT Chennai disallowed such expense as there was no separate profit and loss statement filed in relation to power projects, and added such amount to the taxable income of

Comstar Automotive and raised a demand of ₹ 27.80 million. Comstar Automotive had filed a rectification application dated January 27, 2017 before the ACIT Chennai which was rejected by the ACIT Chennai by way of an order dated March 15, 2017 (“**Rectification Order**”). Comstar Automotive has filed an appeal against the 2016 AO Order and the Rectification Order on April 25, 2017 before the Commissioner of Income Tax Appeals, Chennai (“**CITA Chennai**”) on the grounds, *inter alia*, that the decision pertaining to expenses in relation to power projects expenses was outside the jurisdiction of the ACIT Chennai. Our Company has made further submissions in relation to both the aforementioned appeals on October 9, 2018. The matter is currently pending.

2. The Assistant Commissioner of Income Tax, Chennai (“**ACIT Chennai**”) passed orders dated December 24, 2019 and December 26, 2019 (“**AO Orders**”) computing dividend distribution tax (“**DDT**”) of ₹ 149,532,928 and ₹ 153,040,096 (including interest) payable by Comstar Automotive for AY 2016-17 and 2017-18, respectively. Subsequently, the Centralised Processing Centre of Income Tax Department, Bangalore (“**CPC Bangalore**”) issued intimation letters dated September 15, 2019 and June 30, 2020 (“**CPC Intimation Letters**”) indicating the outstanding amount payable by Comstar Automotive of ₹ 32,867,960 and ₹ 93,148,540 for AY 2016-17 and 2017-18 respectively. Comstar Automotive filed rectification applications for AY 2016-17 and 2017-18 dated February 10, 2021 and February 9, 2021 respectively (“**Rectification Applications**”) whereby Comstar Automotive has claimed that the requisite DDT payable for AY 2016-17 and 2017-18, have been paid by them before the due date. In the Rectification Applications, Comstar Automotive has claimed that the demand of outstanding DDT indicated by way of the AO Orders and CPC Intimation Letters (including interest) are mistakes on record and need to be rectified. Further, by way of the Rectification Applications, Comstar Automotive has claimed a refund of ₹ 40,268,372 and ₹ 58,789,787 after making adjustments for AY 2016-17 and 2017-18, respectively.
3. Comstar Automotive has received a letter from the Office of the Commissioner of Customs, Chennai dated September 29, 2020 stating that Comstar Automotive was not eligible to claim integrated goods and services tax refund benefits on exported goods amounting to approximately ₹ 174 million. Subsequently, Comstar Automotive has received a letter from the Department of Revenue Intelligence, Kolkata Zonal Unit (“**DRI**”) dated October 6, 2020 requesting Comstar Automotive to make a voluntary payment of customs duty to the extent of approximately ₹ 174 million in the form of integrated tax and/or compensation cess. Comstar Automotive replied to these communications through letters dated October 23, 2020 and October 28, 2020. Subsequently, Comstar Automotive received a letter dated November 4, 2020 from the DRI wherein Comstar Automotive was requested to furnish the import and export details commencing from October 23, 2017. Comstar Automotive submitted a response dated November 18, 2020 along with the details of imports and exports of Comstar Automotive from October 23, 2017 till date thereof. Comstar Automotive may incur additional tax liability for the period from October 23, 2017 till October 9, 2018. Subsequently, Comstar Automotive filed a writ petition dated December 4, 2020 (“**Writ**”) in the High Court of Madras challenging the constitutionality of Rule 96(10) of the Central Goods and Services Tax Rules, 2017 (“**CGST Rules**”) on the grounds, *inter alia*, that due to introduction of arbitrary restrictions under such rule, the benefit for claiming the refund under section 16(3)(b) of the Integrated Goods and Services Tax Act, 2017 read with Rule 96 of the CGST Rules have been restricted. Further, Comstar Automotive had also submitted a letter dated December 18, 2020 for DRI to keep the proceedings in abeyance until the Writ is disposed of by the High Court of Madras. The Commissioner of Customs, Chennai, filed a counter affidavit seeking dismissal of the Writ on the grounds mentioned therein. The Writ is currently pending.

## Taxation matters

A summary table of the claims relating to direct and indirect taxes involving our Company, our Directors and Subsidiaries is set forth below:

Particulars	Number of cases	Amount (in ₹ million)
<b>Company</b>		
Direct Tax*	4	88.28
Indirect Tax	2	15.32
<b>Total</b>	<b>6</b>	<b>103.60</b>
<b>Directors</b>		
Direct Tax	2	Not ascertainable
<b>Total</b>	<b>2</b>	<b>Not ascertainable</b>
<b>Comstar Automotive</b>		
Direct Tax*	9	178.56
Indirect Tax*	1	281.97
<b>Total</b>	<b>10</b>	<b>460.53</b>
<b>Comstar Automotive Technology Services Private Limited</b>		
Direct Tax	1	0.15
<b>Total</b>	<b>1</b>	<b>0.15</b>

\* includes matters specified above.

## Notice received

Our Promoter and Chairman and Non-Executive Director, Sunjay Kapur, has received a letter addressed by his sister, Ms. Mandhira Kapur, to SEBI on May 31, 2021. In the letter, Ms. Mandhira Kapur has alleged that:

- (i) she was not aware of the details of the proposed IPO transaction, nor was she consulted on the matter, although she has acknowledged in the same letter that Sunjay Kapur had approached her for consent and certificate for disclosure under the applicable regulations as a member of the promoter group (which consent was not provided by her);
- (ii) it seems Sunjay Kapur is trying to usurp their father's entire estate to himself for which he has created the RK Family Trust, which she further alleges is shrouded in mystery and needs to be investigated;
- (iii) that her rights are being affected by Sunjay Kapur who is only trying to get the Company listed on the stock exchange so that the Equity Shares of the Company are freely available; and
- (iv) creation of any third party rights on the Equity Shares of the Company pursuant to the IPO at this stage will further lead to multiplicity of issues.

She has accordingly requested that the Company not be allowed to launch its IPO until the significant issue of her rights and considerations are resolved.

Sunjay Kapur has responded to her by way of a letter dated June 2, 2021, rejecting all her allegations as baseless in a para wise manner and has provided the Company a copy of the response. The Company has also responded to Ms. Mandhira Kapur by way of a letter dated June 2, 2021.

## Material Developments

Other than as stated in the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 361, there have not arisen, since the date of the last financial information disclosed in this Red Herring Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our operations, our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

## Outstanding dues to creditors

Our Board, in its meeting held on April 27, 2021 has considered and adopted a policy of materiality for identification of material outstanding dues to creditors. In terms of the materiality policy, creditors of our Company to whom an amount exceeding 5% of our total trade payables as on March 31, 2021 was outstanding, were considered 'material' creditors. As per the Restated Consolidated Financial Information, our total trade payables as on March 31, 2021, was ₹ 2,241.09 million and accordingly, creditors to whom outstanding dues exceed ₹ 112.05 million have been considered as material creditors for the purposes of disclosure in this Red Herring Prospectus.

Based on this criteria, details of outstanding dues owed as on March 31, 2021 by our Company are set out below:

Type of Creditors	Number of Creditors	Amount (in ₹ million) <sup>#</sup>
Micro, small and medium enterprises	299*	494.52
Material creditors	Nil	Nil
Other creditors	1,003*	1,488.89
<b>Total</b>	<b>1,302.00</b>	<b>1,983.41</b>

\* Includes 11 creditors who are reported as micro, small and medium enterprises by our Company and our Indian Subsidiaries and who are reported as other creditor by our Foreign Subsidiaries.

<sup>#</sup> Outstanding amount of creditors includes amount payable to creditors against purchase of capital assets and excludes amount relate to accruals, provision and other adjustments recognised in the Restated Consolidated Financial Information at period end.

The details pertaining to outstanding dues to the material creditors along with names and amounts involved for each such material creditor, as applicable, are and shall be made available on the website of our Company at <https://sonacomstar.com/list-of-material-creditors>. However, as on March 31, 2021, there are no material creditors in terms of the materiality policy adopted by our Board.

## GOVERNMENT AND OTHER APPROVALS

*Our business requires various approvals, licenses, consents, registrations, and permits issued by relevant regulatory authorities under various rules and regulations. Set out below is an indicative list of all material approvals, licenses, consents, registrations, and permits obtained by our Company, our Indian Subsidiaries and our Material Foreign Subsidiary, as applicable, which are necessary for undertaking our business. In view of such approvals, our Company can undertake the Offer and its current business activities. Additionally, unless otherwise stated, these material approvals, licenses, consents, registrations, and permits are valid as on the date of this Red Herring Prospectus. Certain material approvals, licenses, consents, registrations, and permits may expire periodically in the ordinary course and applications for renewal of such expired material approvals, licenses, consents, registrations, and permits are submitted in accordance with applicable requirements and procedures.*

### **I. Material approvals in relation to the Offer**

For the approvals and authorisations obtained by our Company in relation to the Offer, see “*Other Regulatory and Statutory Disclosures – Authority for the Offer*” on page 406.

### **II. Material approvals in relation to our Company, Indian Subsidiaries and Material Foreign Subsidiary**

We have received the following material approvals, licenses, consents, registrations, and permits pertaining to our business:

#### *A. Material approvals in relation to our incorporation*

For details in relation to incorporation of our Company, see “*History and Certain Corporate Matters*” on page 200.

#### *B. Material approvals in relation to our business operations*

The material approvals in relation to our operational manufacturing facilities at (i) Gurugram (three plants); (ii) Manesar (one plant); (iii) Pune (one plants); and (iv) Chennai (one plant) are set forth below:

1. Consent to operate issued by the respective pollution control board under the Water (Prevention and Control of Pollution) Act, 1974.
2. Consent to operate issued by the respective pollution control board under the Air (Prevention and Control of Pollution) Act, 1981.
3. Authorisation for generation, storage and disposal of hazardous wastes issued by the respective pollution control boards, wherever applicable, under the Hazardous and Other Waste (Management and Transboundary Movement) Rules, 2016.
4. License to work a factory issued by the relevant State Government under the Factories Act, 1948.
5. No objection certificate issued by the fire department of the local municipal corporations of the respective states where our manufacturing facility is located.
6. Letter of approval for continued operations as 100% export oriented unit issued by the Office of Development Commissioner, Ministry of Commerce and Industry for our manufacturing facility at Chennai.
7. Registration Certificate from Department of Science and Industrial Research in relation to our research and development facility at Gurugram and Chennai.
8. Registrations/ approvals under BIS as provided under the Legal Metrology Act for our manufacturing facility in Gurugram Unit I and Unit II and Chennai unit.
9. License to store HSD issued by the Petroleum and Explosives Safety Organization for our manufacturing facility at Gurugram Unit I.
10. Registration cum membership certificate dated May 29, 2021 as a manufacturer exporter issued by the EEPC India (formerly known as Engineering Export Promotion Council).

#### *C. Tax related approvals*

1. Our permanent account numbers are as provided below:

Name	Registration Number
Sona BLW Precision Forgings Limited	AABCS4786P
Comstar Automotive Technologies Private Limited	AAACE2284P
Comstar Automotive Technology Services Private Limited	AAFCC2827D
Sona Comstar eDrive Private Limited	ABECS8942H

2. Our TANs are as provided below:

Name	Registration Number
Sona BLW Precision Forgings Limited (Gurugram)	RTKM02382C
Sona BLW Precision Forgings Limited (Pune)	PNES29393A
Comstar Automotive Technologies Private Limited	CHEE02139E
Comstar Automotive Technology Services Private Limited	CHEC09960G
Sona Comstar eDrive Private Limited	RTKS32883E

3. Our importer-exporter codes are as provided below:

Name	Registration Number
Sona BLW Precision Forgings Limited	0597006504
Comstar Automotive Technologies Private Limited	3897000211
Comstar Automotive Technology Services Private Limited	0413022218

4. Our goods and services tax registration numbers, as per the state where our business operations are spread, are as follows:

State	Registration Number
Haryana	06AABCS4786P1ZN
Maharashtra	27AABCS4786P1ZJ
Tamil Nadu	33AAACE2284P1ZG

*D. Labour and commercial approvals*

1. Certificate of registration issued by the Employees' Provident Fund Organisation, India under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 for all manufacturing facilities.
2. Certificate of registration issued by Employees State Insurance Corporation, India under the Employees State Insurance Act, 1948.
3. Certificate of registration issued by the Contract Labour Regulation Department under the Contract Labour (Regulation and Abolition) Act, 1970.

*E. Intellectual Property Registrations*

For details in relation to our intellectual property registrations, see “Our Business – Intellectual Property” on page 192.

### III. Material approvals in relation to our Material Foreign Subsidiary

1. Michigan sales tax license issued by State of Michigan for allowing sales of tangible personal property to the final consumer.

### IV. Material approvals in relation to our other Foreign Subsidiaries

Our other Foreign Subsidiaries are located in Hong Kong, Mexico and China. We require various approvals and/or licenses under various laws, rules and regulations of each jurisdiction in which our Foreign Subsidiaries operate. As on the date of this Red Herring Prospectus, we have obtained the necessary material permits, licenses and approvals from the appropriate regulatory and governing authorities required to conduct our operations in such jurisdictions.

**V. Material approvals and / or renewal of material approvals applied for by our Company, Indian Subsidiaries or Material Foreign Subsidiary but not received**

Our Company, Indian Subsidiaries and Material Foreign Subsidiary have obtained all material approvals, consents, licenses, registrations and permits that are required for undertaking their current business activities. Except as disclosed below, there are no applications for material approvals and/or applications for renewal of material approvals made by our Company that have not been received.

1. Application dated April 4, 2021 filed before Directorate of Urban Local Bodies, Haryana for renewal of fire NOC for our Gurgaon Unit I.
2. Application filed before Maharashtra Pollution Control Board for renewal of consent under the Water (Prevention and Control of Pollution) Act, 1974, and Air (Prevention and Control of Pollution) Act, 1981 and authorisation for generation, storage and disposal of hazardous wastes under the Hazardous and Other Waste (Management and Transboundary Movement) Rules, 2016 for Pune unit.



## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Offer

The Fresh Issue has been authorised by our Board pursuant to the resolutions passed at its meeting held on January 27, 2021 and February 22, 2021 and by our Shareholders pursuant to a special resolution passed at their meeting held on January 30, 2021 under section 62(1)(c) of the Companies Act. Further, our Board has taken on record the approval of the Offer for Sale by the Selling Shareholder (Singapore VII Topco III Pte. Ltd.) and has approved the Draft Red Herring Prospectus pursuant to its resolution dated February 22, 2021. Our Board and IPO Committee have approved this Red Herring Prospectus pursuant to their resolutions dated June 3, 2021 and June 7, 2021, respectively.

The Offer for Sale has been authorised by the board of directors of the Selling Shareholder (Singapore VII Topco III Pte. Ltd.) pursuant to a resolution passed at its meeting held on February 11, 2021 and has consented to participate in the Offer for Sale of such number of Equity Shares aggregating up to ₹ 52,500 million pursuant to their consent letter dated February 22, 2021 read with the consent letter dated May 22, 2021.

Our Company received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated March 10, 2021 and March 24, 2021, respectively.

### Prohibition by the Securities and Exchange Board of India or other governmental authorities

Our Company, Promoters, members of their respective Promoter Groups, Directors, the Selling Shareholder, the persons in control of our Company and the persons in control of our Promoters are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

Our Company, Promoters and Directors have not been declared as Wilful Defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on Wilful Defaulters issued by the RBI.

Our Promoters or Directors have not been declared as Fugitive Economic Offenders.

### Compliance with the Companies (Significant Beneficial Owners) Rules, 2018

Our Company, Promoters, members of their respective Promoter Groups and the Selling Shareholder, are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, as amended, to the extent applicable to each of them as on the date of this Red Herring Prospectus.

### Directors associated with the securities market

None of our Directors, are associated with the securities market in any manner including securities market related business.

No action has been initiated by SEBI against the Directors of our Company in the five years preceding the date of this Red Herring Prospectus.

### Eligibility for the Offer

As determined at the date of filing the DRHP, our Company is eligible for the Offer in accordance with Regulation 6(2) of the SEBI ICDR Regulations, which states as follows:

*“An issuer not satisfying the condition stipulated in sub-regulation (1) shall be eligible to make an initial public offer only if the issue is made through the book-building process and the issuer undertakes to allot at least seventy five per cent. of the net offer to qualified institutional buyers and to refund the full subscription money if it fails to do so.”*

The Statutory Auditor has issued a certificate on eligibility dated June 3, 2021 (the “**Eligibility Certificate**”) which includes the statements of (i) monetary assets as a percentage of net tangible assets; (ii) pre-tax operating profits; and (iii) net worth, each extracted from the Restated Consolidated Financial Information of our Company as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019. While our Company currently meets the threshold prescribed for (i) monetary assets as a percentage of net tangible assets; and (ii) net worth, in Regulation 6(1)(a) and Regulation 6(1)(c) of the SEBI ICDR Regulations, respectively, we shall continue to undertake the Offer under Regulation 6(2) of the SEBI ICDR Regulations as disclosed in the DRHP. We are therefore required to allot not less than 75% of the Offer to QIBs to meet the conditions as detailed under Regulation 6(2) of the SEBI ICDR Regulations. In the event we fail to do so, the full application monies shall be refunded to the Bidders, in accordance with the SEBI ICDR Regulations.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Bidders to whom the Equity Shares will be Allotted will be not less than 1,000.

Further, our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

Further, our Company confirms that it is not ineligible to make the Offer in terms of Regulation 5 of the SEBI ICDR Regulations, to the extent applicable. The details of our compliance with Regulation 5 of the SEBI ICDR Regulations are as follows:

- (a) Neither our Company, the Promoters, the members of their respective Promoter Groups, the Directors, nor the Selling Shareholder are debarred from accessing the capital markets by SEBI.
- (b) None of the Promoters or Directors are promoters or directors of companies which are debarred from accessing the capital markets by SEBI.
- (c) Neither our Company nor our Promoters or Directors are Wilful Defaulters.
- (d) None of our Promoters or Directors is a Fugitive Economic Offender.
- (e) Other than the options granted under the ESOP 2020, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or any other right which would entitle any person any option to receive Equity Shares, as on the date of this Red Herring Prospectus.

The Selling Shareholder (Singapore VII Topco III Pte. Ltd.) confirms that it is in compliance with Regulation 8 of the SEBI ICDR Regulations, it has held the Offered Shares for a period of at least one year prior to the filing of the Draft Red Herring Prospectus. Therefore, the Equity Shares that will be offered by it in the Offer for Sale are eligible to be offered for sale in the Offer.

#### **DISCLAIMER CLAUSE OF SECURITIES AND EXCHANGE BOARD OF INDIA**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, CREDIT SUISSE SECURITIES (INDIA) PRIVATE LIMITED, JM FINANCIAL, J.P. MORGAN INDIA PRIVATE LIMITED AND NOMURA FINANCIAL ADVISORY AND SECURITIES (INDIA) PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS AND THE SELLING SHAREHOLDER WILL BE RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY IT IN THE DRAFT RED HERRING PROSPECTUS IN RELATION TO ITSELF FOR THE OFFERED SHARES, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY AND THE SELLING SHAREHOLDER DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 23, 2021, IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED.**

**THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.**

**Disclaimer from our Company, the Directors, the Selling Shareholder, and the Book Running Lead Managers**

Our Company, the Directors, the Selling Shareholder, and the Book Running Lead Managers accept no responsibility for statements made in relation to the Company or the Offer other than those confirmed by it in relation to itself or its Offered Shares in this Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website, [www.sonacomstar.com](http://www.sonacomstar.com), or the respective websites of any of our Promoters, the members of our Promoter Group or the Selling Shareholder would be doing so at his or her or their own risk. The Selling Shareholder, its partners, directors, key persons, affiliates, associates and officers accept or undertake no responsibility for any statements including without limitation any statement made by or in relation to the Company or its business, other than those specifically undertaken or confirmed by the Selling Shareholder in relation to itself and the Offered Shares.

The Book Running Lead Managers accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement to be entered into among the Underwriters, the Selling Shareholder and our Company.

All information shall be made available by our Company, the Selling Shareholder (to the extent that the information pertains to itself and the Offered Shares), and the Book Running Lead Managers to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding Centres or elsewhere.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder, Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, allot, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholder, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The Book Running Lead Managers and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, the Selling Shareholder and their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with or become customers to our Company, the Selling Shareholder and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

#### **Disclaimer in respect of Jurisdiction**

The Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, as amended, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares, Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their respective constitution to hold and invest in equity shares, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, Systemically Important NBFCs registered with the RBI) and permitted Non-Residents including FPIs and Eligible NRIs, AIFs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares. This Red Herring Prospectus does not constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction other than in India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Invitations to subscribe to or purchase the Equity Shares in the Offer will be made only pursuant to this Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises this Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India. No person outside India is eligible to bid for Equity Shares in the Offer unless that person has received the preliminary offering memorandum for the Offer, which contains the selling restrictions for the Offer outside India. Any dispute arising out of the Offer will be subject to the jurisdiction of appropriate court(s) in Delhi, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus will be filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any offer or sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company or the Selling Shareholder since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

#### **Eligibility and Transfer Restrictions**

**The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws in the United States. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to “qualified institutional buyers” (as defined in Rule 144A and referred to in this Red Herring Prospectus as “U.S. QIBs”. For the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Red Herring Prospectus as “QIBs”), in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (b) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

#### **Disclaimer Clause of BSE Limited**

BSE Limited (“the Exchange”) has given vide its letter dated March 10, 2021 permission to this Company to use the Exchange’s name in this offer document as one of the stock exchanges on which this company’s securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- b) warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **Disclaimer Clause of the National Stock Exchange of India Limited**

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/935 dated March 24, 2021 permission to the Issuer to use the Exchange’s name in this Offer Document as one of the Stock Exchanges on which this Issuer’s securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer’s securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

#### **Listing**

Applications have been made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares. BSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of this Red Herring Prospectus in

accordance with applicable law. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of Equity Shares at the Stock Exchanges are taken within such time prescribed by SEBI. If our Company does not allot Equity Shares pursuant to the Offer within such timeline as prescribed by SEBI, it shall repay without interest all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period or such other rate prescribed by SEBI.

The Selling Shareholder undertakes to provide such reasonable assistance as may be requested by our Company, to the extent such assistance is required from the Selling Shareholder in relation to the Offered Shares to facilitate the process of listing and commencement of trading of the Equity Shares on the Stock Exchanges within such time prescribed by SEBI.

## **Consents**

Consents in writing of the Selling Shareholder (Singapore VII Topco III Pte. Ltd.), our Directors, our Statutory Auditor, our Company Secretary and Compliance Officer, legal counsels to the Company as to Indian Law, legal counsel to the Book Running Lead Managers as to Indian Law, international legal counsel to the Book Running Lead Managers, the Book Running Lead Managers, the bankers to our Company, CRISIL, Ricardo, SCV & Co. LLP, Chartered Accountants, Vinay Kumar Wadhawan, Chartered Engineers, ELBI Consultancy (India) Private Limited, Chartered Engineers and the Registrar to the Offer to act in their respective capacities, have been obtained and consents in writing of the Syndicate Members, Monitoring Agency, Bankers to the Offer/ Escrow Collection Bank and Refund Bank to act in their respective capacities, have been obtained, and will be filed along with a copy of this Red Herring Prospectus with the RoC as required under the Companies Act and such consents shall not be withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

## **Experts to the Offer**

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated May 21, 2021 from our Statutory Auditors, Walker Chandiok & Co LLP, Chartered Accountants, to include their name in this Red Herring Prospectus as required under Section 26(1) of the Companies Act read with SEBI ICDR Regulations and as “expert” as defined under Section 2(38) and 26(5) of the Companies Act to the extent and in their capacity as an auditor and in respect of the examination reports on the Restated Consolidated Financial Information dated April 27, 2021, Pro Forma Consolidated Financial Information dated April 27, 2021, the statement of special tax benefits dated May 21, 2021 and such consents have not been withdrawn as on the date of this Red Herring Prospectus.

Our Company has received written consent dated May 4, 2021 from SCV & Co. LLP, Chartered Accountants, to include their name in this Red Herring Prospectus and as an “expert” as defined under Section 2(38) and 26(5) of the Companies Act in their capacity as the independent chartered accountants and in respect of the reports and certificates issued by them included in this Red Herring Prospectus and such consent has not been withdrawn as on the date of this Red Herring Prospectus.

Our Company has received written consents dated May 18, 2021 and April 19, 2021, from Vinay Kumar Wadhawan, Chartered Engineers and ELBI Consultancy (India) Private Limited, Chartered Engineers to include their respective names in this Red Herring Prospectus, and as an “expert” as defined under section 2(38) and 26(5) of the Companies Act in their capacity as the independent chartered engineers and in respect of the certificates issued by them included in this Red Herring Prospectus and such consents have not been withdrawn as on the date of this Red Herring Prospectus.

Our Company has also received written consent dated February 15, 2021 from Ricardo, to include their name in this Red Herring Prospectus and as an “expert” as defined under section 2(38) and 26(5) of the Companies Act, in relation to the Ricardo Industry Report issued by them with respect to our Company included in this Red Herring Prospectus and such consent has not been withdrawn as on the date of this Red Herring Prospectus.

The term “expert” shall not be construed to mean an expert as defined under the U.S. Securities Act.

## **Particulars regarding public or rights issues by our Company during the last five years**

Our Company has not undertaken any public issue in the five years immediately preceding the date of this Red Herring Prospectus.

Our Company has not undertaken any rights issues in the five years immediately preceding the date of this Red Herring Prospectus.

## **Capital issue during the preceding three years by our Company**

Other than as disclosed in “*Capital Structure – Share Capital History of our Company*” on page 77, our Company has not made any capital issues during the three years preceding the date of this Red Herring Prospectus.

None of our Group Companies, Subsidiaries or Associates are listed on any stock exchange.

**Performance vis-à-vis Objects**

Our Company has not undertaken any public issue in the five years preceding the date of this Red Herring Prospectus.

**Stock Market Data of the Equity Shares**

This being the initial public offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange as on the date of this Red Herring Prospectus, and accordingly, no stock market data is available for the Equity Shares.

**Commission or brokerage on previous issues in last five years**

Since this is the initial public issue of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for the Equity Shares since our Company's inception.

**Price information of past issues handled by the Book Running Lead Managers (during the current Financial Year and two Financial Years preceding the current Financial Year)**

**A. Kotak Mahindra Capital Company Limited**

**1. Price information of past issues handled by Kotak Mahindra Capital Company Limited:**

S. No.	Issue name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Macrotech Developers Limited	25,000.00	486	April 19, 2021	436.00	+30.22%[+5.21%]	-	-
2.	Home First Finance Company India Limited	11,537.19	518	February 3, 2021	618.80	+4.98%[+1.97%]	-5.64%[-1.05%]	-
3.	Indigo Paints Limited	11,691.24	1,490 <sup>1</sup>	February 2, 2021	2,607.50	+75.72%[+4.08%]	+55.40%[-0.11%]	-
4.	Burger King India Limited	8,100.00	60	December 14, 2020	115.35	+146.50%[+7.41%]	+135.08%[+10.86%]	-
5.	Gland Pharma Limited	64,795.45	1,500	November 20, 2020	1,710.00	+48.43%[+7.01%]	+57.27%[+18.27%]	+104.17%[+17.49%]
6.	UTI Asset Management Company Limited	21,598.84	554	October 12, 2020	500.00	-10.43%[+5.87%]	-0.60%[+20.25%]	+5.81%[+24.34%]
7.	Computer Age Management Services Limited	22,421.05	1,230 <sup>2</sup>	October 1, 2020	1,518.00	+5.43%[+2.37%]	+49.52%[+23.04%]	+43.80%[+26.65%]
8.	SBI Cards And Payment Services Limited	103,407.88	755 <sup>3</sup>	March 16, 2020	661.00	-33.05%[-2.21%]	-21.79%[+8.43%]	+12.50%[+24.65%]
9.	Ujjivan Small Finance Bank Limited	7,459.46	37 <sup>4</sup>	December 12, 2019	58.75	+41.08%[+2.38%]	+10.27%[-12.70%]	-16.62%[-15.07%]
10.	Polycab India Limited	13,452.60	538 <sup>5</sup>	April 16, 2019	633.00	+15.36%[-5.35%]	+14.70%[-1.99%]	+23.76%[-4.09%]

Source: [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com)

**Notes:**

1. In Indigo Paints Limited, the issue price to eligible employees was ₹ 1,342 after a discount of ₹ 148 per equity share
2. In Computer Age Management Services Limited, the issue price to eligible employees was ₹ 1,108 after a discount of ₹ 122 per equity share
3. In SBI Cards and Payment Services Limited, the issue price to eligible employees was ₹ 680 after a discount of ₹ 75 per equity share
4. In Ujjivan Small Finance Bank Limited, the issue price to eligible shareholders of Ujjivan Financial Services Limited was ₹ 35 per equity share
5. In Polycab India Limited, the issue price to employees was ₹ 485 after a discount of ₹ 53 per equity share.
6. In the event any day falls on a holiday, the price/index of the immediately preceding trading day has been considered.
7. The 30th, 90th, 180th calendar days from listed day have been taken as listing day plus 29, 89 and 179 calendar days.
8. Nifty is considered as the benchmark index except for Computer Age Management Services Limited where SENSEX is considered as benchmark index.
9. Restricted to last 10 equity initial public issues.

**2. Summary statement of price information of past issues handled by Kotak Mahindra Capital Company Limited:**

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2021-22	1	25,000.00	-	-	-	-	1	-	-	-	-	-	-	-
2020-21	6	140,143.77	-	-	1	2	1	2	-	-	-	1	1	1
2019-20	4	136,362.82	-	1	-	-	1	2	-	-	1	-	1	2

Notes:

1. The information is as on the date of this Red Herring Prospectus.
2. The information for each of the financial years is based on issues listed during such financial year.



**B. Credit Suisse Securities (India) Private Limited**

**1. Price information of past issues handled by Credit Suisse Securities (India) Private Limited:**

S. No.	Issue Name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening Price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1.	Home First Finance Company India Limited	11,537.19	518.00	February 3, 2021	618.80	4.98%, [1.97%]	-5.64%, [-1.05%]	NA*
2.	Sterling and Wilson Solar Limited	28,809.42	780.00	August 20, 2019	706.00	-21.88%, [-1.60%]	-48.63%, [7.97%]	-64.78%, [9.95%]
3.	Metropolis Healthcare Limited	12,042.90	880.00	April 15, 2019	958.00	3.75%, [-4.01%]	21.39%, [-1.18%]	45.93%, [-3.30%]

Source: Source: www.nseindia.com for the price information and prospectus for issue details.

\*Data not available

Notes:

- (a) 30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar days from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar day is a holiday, in which case we have considered the closing data of the previous trading date
- (b) % of change in closing price on 30th/ 90th / 180th calendar day from listing day is calculated vs issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30th/ 90th / 180th calendar day from listing day.
- (c) NIFTY is considered as the benchmark index.

**2. Summary statement of price information of past issues handled by Credit Suisse Securities (India) Private Limited:**

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at discount - 180 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 180 <sup>th</sup> calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2021-22	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2010-21	1	11,537.19	-	-	-	-	-	1	-	-	-	-	-	-
2019-20	2	40,852.32	-	-	1	-	-	1	1	-	-	-	1	-

**C. JM Financial Limited**

**1. Price information of past issues handled by JM Financial Limited:**

Sr. No.	Issue name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark] - 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180 <sup>th</sup> calendar days from listing
1.	Macrotech Developers Limited	25,000.00	486.00	April 19, 2021	436.00	30.22% [5.21%]	Not Applicable	Not Applicable
2.	Anupam Rasayan India Limited <sup>7</sup>	7,600.00	555.00	March 24, 2021	520.00	-0.11% [-0.98%]	Not Applicable	Not Applicable
3.	Easy Trip Planners Limited	5,100.00	187.00	March 19, 2021	212.25	-7.27% [-0.86%]	Not Applicable	Not Applicable
4.	MTAR Technologies Limited	5,964.14	575.00	March 15, 2021	1050.00	69.45% [-2.84%]	Not Applicable	Not Applicable
5.	Stove Kraft Limited	4,126.25	385.00	February 5, 2021	498.00	30.68% [0.09%]	28.92% [-2.05%]	Not Applicable
6.	Burger King India Limited	8,100.00	60.00	December 14, 2020	112.50	146.50% [7.41%]	135.08% [10.86%]	Not Applicable
7.	Equitas Small Finance Bank Limited	5,176.00	33.00	November 2, 2020	31.10	5.45% [12.34%]	19.55% [16.84%]	68.18% [25.38%]
8.	UTI Asset Management Company Limited	21,598.84	554.00	October 12, 2020	500.00	-10.43% [5.87%]	-0.60% [20.25%]	5.81% [24.34%]
9.	Mazgaon Dock Shipbuilders Limited	4,436.86	145.00	October 12, 2020	214.90	18.90% [5.87%]	52.90% [20.25%]	45.79% [24.34%]
10.	Prince Pipes and Fittings Limited	5,000.00	178.00	December 30, 2019	160.00	+0.14% [-1.63%]	-44.33% [-29.34%]	-35.00% [-15.28%]

Source: www.nseindia.com for price information and prospectus/basis of allotment for issue details

Notes:

- Opening price information as disclosed on the website of NSE.
- Change in closing price over the issue/offer price as disclosed on NSE.
- Change in closing price over the closing price as on the listing date for benchmark index viz. NIFTY 50.
- In case of reporting dates falling on a trading holiday, values for the trading day immediately preceding the trading holiday have been considered.
- 30<sup>th</sup> calendar day has been taken as listing date plus 29 calendar days; 90<sup>th</sup> calendar day has been taken as listing date plus 89 calendar days; 180<sup>th</sup> calendar day has been taken as listing date plus 179 calendar days.
- Restricted to last 10 issues.
- A discount of ₹ 55 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.
- Not Applicable - Period not completed.

**2. Summary statement of price information of past issues handled by JM Financial Limited:**

Financial Year	Total no. of IPOs	Total funds raised (₹ million)	Nos. of IPOs trading at discount on as on 30 <sup>th</sup> calendar days from listing date			Nos. of IPOs trading at premium on as on 30 <sup>th</sup> calendar days from listing date			Nos. of IPOs trading at discount as on 180 <sup>th</sup> calendar days from listing date			Nos. of IPOs trading at premium as on 180 <sup>th</sup> calendar days from listing date		
			Over 50%	Between 25% - 50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2021-2022	1	25,000.00	-	-	-	-	1	-	-	-	-	-	-	-
2020-2021	8	62,102.09	-	-	3	2	1	2	-	-	-	1	1	1
2019-2020	4	36,400.83**	-	-	1	-	1	2	-	1	1	-	1	1

\*\*Spandana Sphoorty Financial Limited raised ₹11,898.49 million as against the issue size of ₹12,009.36 million

**D. J. P. Morgan India Private Limited**

**1. Price information of past issues handled by J. P. Morgan India Private Limited:**

S. No.	Issue Name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening Price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1.	Macrotech Developers Limited	25,000	486	April 19, 2021	436.00	+30.2%, [+5.2%]	NA	NA

Source: SEBI, Source: www.nseindia.com

1. Price on NSE is considered for all of the above calculation
2. In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.
3. Closing price of 30th, 90th, 180th calendar day from listing day has been taken as listing day plus 29, 89 and 179 calendar days respectively
4. Pricing Performance for the company is calculated as per the final offer price
5. Pricing Performance for the benchmark index is calculated as per the close on the day prior to the listing date
6. Issue size as per the basis of allotment

**2. Summary statement of price information of past issues handled by J. P. Morgan India Private Limited:**

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at discount - 180 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 180 <sup>th</sup> calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2021-22*	1	25,000	NA	NA	NA	NA	1	NA	NA	NA	NA	NA	NA	NA
2020-21	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note: In the event that any day falls on a holiday, the price/ index of the previous trading day has been considered.  
The information for each of the financial years is based on issues listed during such financial year.

**E. Nomura Financial Advisory and Securities (India) Private Limited**

**1. Price information of past issues handled by Nomura Financial Advisory and Securities (India) Private Limited:**

S. No.	Issue Name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening Price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1.	Nazara Technologies	5,826.91	1,101 <sup>1</sup>	March 30, 2021	1,990.00	+62.57% [+0.13%]	Not applicable	Not applicable
2.	Gland Pharma Limited	64,795.45	1,500	November 20, 2020	1,710.00	+48.43% [+7.01%]	+57.27% [+18.27%]	+104.17% [17.49%]
3.	Computer Age Management Services Limited	22,421.05	1,230 <sup>2</sup>	October 1, 2020	1,518.00	+5.43% [+2.37%]	+49.52% [+23.04%]	+43.80% [+26.65%]
4.	Happiest Minds Technologies	7,020.16	166	September 17, 2020	350.00	+96.05% [+2.14%]	+93.25% [+17.82%]	+221.27% [+29.64%]
5.	SBI Cards and Payment Services Limited	103,407.88	755 <sup>3</sup>	March 16, 2020	661.00	-33.05%, [-2.21%]	-21.79% [+8.43%]	+12.50% [+24.65%]
6.	Affle (India) Limited	4,590.00	745	August 8, 2019	926.00	+12.56%, [-0.78%]	+86.32% [+8.02%]	+135.49% [+6.12%]

Source: www.nseindia.com

- Discount of ₹ 110.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion
- Discount of ₹ 122.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion
- Price for Eligible Employees bidding in the Employee Reservation Portion was ₹ 680.00 per equity share

Notes:

- Nifty is considered as the benchmark index except for Computer Age Management Services Limited where SENSEX is considered as benchmark index.
- Price on NSE is considered for all of the above calculations except for Computer Age Management Services Limited.
- In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.
- Not applicable – Period not completed

1. **Summary statement of price information of past issues handled by Nomura Financial Advisory and Securities (India) Private Limited:**

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at discount - 180 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 180 <sup>th</sup> calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2021-2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2020-2021	4	100,063.57	-	-	-	2	1	1	-	-	-	2	1	-
2019-2020	2	107,997.88	-	1	-	-	-	1	-	-	-	1	-	1

Source: www.nseindia.com

**Notes:**

- a) The information is as on the date of this document.  
b) The information for each of the financial years is based on issues listed during such financial year.

### Track record of past issues handled by the Book Running Lead Managers

For details regarding the track record of the Book Running Lead Managers, as specified in circular bearing number CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please see the websites of the Book Running Lead Managers, as provided in the table below:

S. No.	Name of the Lead Manager	Website
1.	Kotak Mahindra Capital Company Limited	<a href="http://www.investmentbank.kotak.com">www.investmentbank.kotak.com</a>
2.	Credit Suisse Securities (India) Private Limited	<a href="http://www.credit-suisse.com/in/en/investment-banking-apac/investment-banking-in-india/ipo/track-record.html">www.credit-suisse.com/in/en/investment-banking-apac/investment-banking-in-india/ipo/track-record.html</a>
3.	JM Financial Limited	<a href="http://www.jmfl.com">www.jmfl.com</a>
4.	J.P. Morgan India Private Limited	<a href="http://www.jpmpil.com">www.jpmpil.com</a>
5.	Nomura Financial Advisory and Securities (India) Private Limited	<a href="http://www.nomuraholdings.com/company/group/asia/india/index.html">www.nomuraholdings.com/company/group/asia/india/index.html</a>

### Disposal of Investor Grievances by our Company

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares to enable the Bidders to approach the Registrar to the Offer for redressal of their grievances.

In terms of SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018, SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and subject to applicable law, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days. Further, the investors shall be compensated by the SCSBs in accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 in the events of delayed unblock for cancelled/withdrawn/deleted applications, blocking of multiple amounts for the same UPI application, blocking of more amount than the application amount, delayed unblocking of amounts for non-allotted/partially-allotted applications for the stipulated period. In an event there is a delay in redressal of the investor grievance in relation to unblocking of amounts, the Book Running Lead Managers shall compensate the investors at the rate higher of ₹ 100 or 15% per annum of the application amount for the period of such delay.

All grievances in relation to the Bidding process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, PAN, UPI ID (in case of RIBs using the UPI Mechanism), date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. Our Company, the Book Running Lead Managers and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under the SEBI ICDR Regulations. Bidders can contact the Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

Anchor Investors are required to address all grievances in relation to the Offer to the Book Running Lead Managers.

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has also appointed Ajay Pratap Singh, Vice President (Legal) and Company Secretary of our Company, as the Compliance Officer for the Offer. For details, see “General Information” beginning on page 68.

Our Company has constituted a Stakeholders’ Relationship Committee comprising Shradha Suri, Prasan Abhaykumar Firodia,

Jeff M. Overly and Vivek Vikram Singh as its members which is responsible for redressal of grievances of security holders of our Company. For further details on the Stakeholders' Relationship Committee, see "*Our Management – Committees of the Board – Stakeholders' Relationship Committee*" on page 224.

Our Company has obtained authentication on SEBI SCORES in terms of the SEBI circular bearing number CIR/OIAE/1/2013 dated April 17, 2013 and shall comply with SEBI circular bearing number CIR/OIAE/1/2014 dated December 18, 2014 in relation to redressal of investor grievances through SCORES.

Our Company has not received any investor complaint during the three years preceding the date of this Red Herring Prospectus.

Further, no investor complaint in relation to our Company is pending as on the date of the Draft Red Herring Prospectus and this Red Herring Prospectus.

## SECTION VII: OFFER INFORMATION

### TERMS OF THE OFFER

The Equity Shares being offered and Allotted and transferred pursuant to the Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SEBI Listing Regulations, SCRA, SCRR, our Memorandum of Association and Articles of Association, the terms of this Red Herring Prospectus, the Prospectus, the abridged prospectus, the Bid cum Application Form, the Revision Form, the CAN or Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advices and other documents or certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, the RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by SEBI, the RBI, the Government of India, the Stock Exchanges, the RoC or any other authorities while granting its approval for the Offer.

#### The Offer

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholder (Singapore VII Topco III Pte. Ltd.).

#### Ranking of the Equity Shares

The Equity Shares being offered/Allotted and transferred pursuant to the Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SEBI Listing Regulations, SCRA, SCRR, our Memorandum of Association and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including in respect of the right to receive dividend, voting and other corporate benefits. For further details, see “*Main Provisions of Articles of Association*” beginning on page 445.

#### Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, our Articles of Association and provisions of the SEBI Listing Regulations and any other guidelines or directions which may be issued by the Government in this regard. Dividends, if any, declared by our Company after the date of Allotment (pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to the Bidders who have been Allotted Equity Shares in the Offer, for the entire year, in accordance with applicable laws. For further details in relation to dividends, see “*Dividend Policy*” and “*Main Provisions of Articles of Association*” beginning on pages 238 and 445, respectively.

#### Face Value, Offer Price and Price Band

The face value of each Equity Share is ₹ 10 and the Offer Price is ₹ [●] per Equity Share. The Floor Price is ₹ [●] per Equity Share and at the Cap Price is ₹ [●] per Equity Share, being the Price Band. The Anchor Investor Offer Price is ₹ [●] per Equity Share.

The Price Band and the minimum Bid Lot will be decided by our Company and the Selling Shareholder in consultation with the Book Running Lead Managers and advertised in all editions of Financial Express and all editions of Jansatta (which are widely circulated English daily newspapers and Hindi daily newspapers, Hindi also being the regional language of Haryana, where our Registered and Corporate Office is located) each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the websites of the Stock Exchanges. The Offer Price shall be determined by our Company and Selling Shareholder, in consultation with the Book Running Lead Managers, after the Bid/Offer Closing Date.

At any given point of time there shall be only one denomination of Equity Shares.

#### Compliance with disclosure and accounting norms

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

#### Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and our Articles of Association, our Shareholders shall have the following rights:

- Right to receive dividends, if declared;



- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy or “e-voting”, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability of Equity Shares, subject to applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI Listing Regulations and our Articles of Association.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission, consolidation or sub-division, see “*Main Provisions of Articles of Association*” beginning on page 445.

### **Allotment only in Dematerialised Form**

Pursuant to Section 29 of the Companies Act and the SEBI ICDR Regulations, the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Offer:

- Tripartite agreement dated February 7, 2019 amongst our Company, CDSL and the Registrar to the Offer; and
- Tripartite agreement dated January 12, 2009 between our Company, NSDL and the Registrar to the Offer.

### **Market Lot and Trading Lot**

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in the Offer will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares. For further details, see “*Offer Procedure*” beginning on page 428.

### **Joint Holders**

Subject to the provisions contained in our Articles of Association, where two or more persons are registered as the holders of the Equity Shares, they shall be entitled to hold the same as joint tenants with benefits of survivorship.

### **Nomination facility to Bidders**

In accordance with Section 72 of the Companies Act read with the Companies (Share Capital and Debentures) Rules, 2014, as amended, the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale, transfer or alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered and Corporate Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act shall upon the production of such evidence as may be required by our Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, interests, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialised mode there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder would prevail. If the Bidder wants to change their nomination, they are requested to inform their respective Depository Participant.

### Withdrawal of the Offer

Our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers, reserve the right not to proceed with the Fresh Issue, and the Selling Shareholder reserves the right to not proceed with the Offer for Sale, in whole or in part thereof, to the extent of the Offered Shares after the Bid/Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The Book Running Lead Managers through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank, in case of RIBs using the UPI Mechanism, to unblock the bank accounts of the ASBA Bidders (other than Anchor Investors) shall notify the Escrow Collection Banks to release the Bid Amounts to the Anchor Investors, within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. If our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers, withdraw the Offer after the Bid/Offer Closing Date and thereafter determine that they will proceed with a public offering of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI and the Stock Exchanges.

### Bid/Offer Programme

<b>BID/OFFER OPENS ON</b>	Monday, June 14, 2021*
<b>BID/OFFER CLOSSES ON</b>	Wednesday, June 16, 2021 <sup>§</sup>

\* Our Company and the Selling Shareholder shall, in consultation with the Book Running Lead Managers, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date in accordance with the SEBI ICDR Regulations.

<sup>§</sup> UPI mandate end time and date shall be at 12:00 pm on Thursday, June 17, 2021.

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Bid/Offer Closing Date	Wednesday, June 16, 2021
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about Monday, June 21, 2021
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account*	On or about Tuesday, June 22, 2021
Credit of Equity Shares to demat accounts of Allottees	On or about Wednesday, June 23, 2021
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about Thursday, June 24, 2021

\* In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The Book Running Lead Managers shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. For the avoidance of doubt, the provisions of the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 shall be deemed to be incorporated in the deemed agreement of the Company with the SCSBs to the extent applicable.

**The above timetable is indicative and does not constitute any obligation or liability on our Company or the Selling Shareholder or the Book Running Lead Managers.**

Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date or such other time as may be prescribed by SEBI, the timetable may be subject to change due to various factors, such as extension of the Bid/Offer Period by our Company and the Selling Shareholder, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges or delay in receipt of final certificates from SCSBs, etc. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. The Selling Shareholder confirms that it shall extend reasonable co-operation in relation to the Offered Shares required by our Company and the Book Running Lead Managers for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date or such other time as may be prescribed by SEBI.

In terms of the UPI Circulars, in relation to the Offer, the Book Running Lead Managers will be required to submit reports of compliance with timelines and activities prescribed by SEBI in connection with the allotment and listing procedure within six

Working Days from the Bid/Offer Closing Date, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

**Submission of Bids (other than Bids from Anchor Investors):**

<b>Bid/Offer Period (except the Bid/Offer Closing Date)</b>	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time (“IST”))
<b>Bid/Offer Closing Date*</b>	
Submission and Revision in Bids	Only between 10.00 a.m. and 3.00 p.m. IST

\* UPI mandate end time and date shall be at 12:00 pm on Thursday, June 17, 2021

**On the Bid/Offer Closing Date, the Bids shall be uploaded until:**

- (i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and
- (ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by RIBs.

On Bid/Offer Closing Date, extension of time will be granted by Stock Exchanges only for uploading Bids received by RIBs after taking into account the total number of Bids received and as reported by the Book Running Lead Managers to the Stock Exchanges.

**It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.**

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date. Any time mentioned in this Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Offer. Bids will be accepted only during Monday to Friday (excluding any public holiday).

In case of any discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid cum Application Form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

Our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers, reserve the right to revise the Price Band during the Bid/Offer Period in accordance with the SEBI ICDR Regulations. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly, but the Floor Price shall not be less than the face value of the Equity Shares. In all circumstances, the Cap Price shall be less than or equal to 120% of the Floor Price.

**In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days following such revision of the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company may, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the Book Running Lead Managers and at the terminals of the Syndicate Members and by intimation to Self-Certified Syndicate Banks (“SCSBs”), other Designated Intermediaries and the Sponsor Bank, as applicable.**

**Minimum Subscription**

If our Company does not receive the minimum subscription of 90% of the Fresh Issue on the date of closure of the Offer; or withdrawal of applications; or after technical rejections; or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares so offered under the Offer Document and a subscription in the Offer equivalent to at least the minimum number of securities as specified under Rule 19(2)(b)(iii) of the SCRR, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond four days, our Company and every Director of our Company, who are officers in default, shall pay interest at the rate of fifteen per cent per annum. Subject to applicable law, the Selling Shareholder (Singapore VII Topco III Pte. Ltd.) shall not be responsible to pay interest for any delay, unless such default or delay has been caused solely by the Selling Shareholder (Singapore VII Topco III Pte. Ltd.).

The requirement for minimum subscription is not applicable to the Offer for Sale. In case of under-subscription in the Offer, after meeting the minimum subscription requirement of 90% of the Fresh Issue, the balance subscription in the Offer will be met in the following order of priority: (i) through the sale of Offered Shares being offered by the Selling Shareholder (Singapore VII Topco III Pte. Ltd.) in the Offer for Sale; and (ii) through the issuance of balance part of the Fresh Issue.

Undersubscription, if any, in any category except the QIB portion, would be met with spill-over from the other categories at the discretion of our Company and the Selling Shareholder (Singapore VII Topco III Pte. Ltd.), in consultation with the Book Running Lead Managers, and the Designated Stock Exchange.

Further, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 49(1) of SEBI ICDR Regulations.

#### **Arrangements for Disposal of Odd Lots**

Since the Equity Shares will be traded in dematerialised form only, and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

#### **New Financial Instruments**

Our Company is not issuing any new financial instruments through this Offer.

#### **Restrictions, if any on Transfer and Transmission of Equity Shares**

Except for the lock-in of the pre-Offer Equity Share capital of our Company, lock-in of Sona Autocomp's minimum contribution and the Anchor Investor lock-in as provided in "*Capital Structure*" beginning on page 77 and except as provided in the Articles of Association, there are no restrictions on transfer or transmission of Equity Shares and their consolidation or sub-division. For details see "*Main Provisions of Articles of Association*" beginning on page 445.

## OFFER STRUCTURE

The Offer is of up to [●]\* Equity Shares of face value of ₹ 10 at an Offer Price of ₹ [●] per Equity Share for cash (including a share premium of ₹ [●] per Equity Share) aggregating up to ₹ 55,500 million comprising a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 3,000 million and an Offer of Sale of up to [●] Equity Shares aggregating up to ₹ 52,500 million by the Selling Shareholder (Singapore VII Topco III Pte. Ltd.). The Offer will constitute [●]% of the post-Offer paid-up Equity Share capital of our Company.

\* Subject to finalisation of the Basis of Allotment.

The Offer is being made through the Book Building Process.

Particulars	QIBs <sup>(1)</sup>	Non-Institutional Bidders	RIBs
Number of Equity Shares available for Allotment or allocation <sup>*(2)</sup>	Not less than [●] Equity Shares	Not more than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and RIBs	Not more than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer size available for Allotment or allocation	Not less than 75% of the Offer being available for allocation to QIB Bidders. However, up to 5% of the Net QIB Portion will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining Net QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be added to the Net QIB Portion	Not more than 15% of the Offer or the Offer less allocation to QIB Bidders and RIBs	Not more than 10% of the Offer or Offer less allocation to QIB Bidders and Non-Institutional Bidders
Basis of Allotment if respective category is oversubscribed*	Proportionate as follows (excluding the Anchor Investor Portion):  (a) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and  (b) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above.  Up to [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only, subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price	Proportionate	The allotment to each RIB shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be allotted on a proportionate basis. For further details, see “Offer Procedure” beginning on page 428.
Mode of Bid	ASBA only (excluding the UPI Mechanism) <sup>(3)</sup>	ASBA only (excluding the UPI Mechanism)	ASBA only (including the UPI Mechanism)
Minimum Bid	Such number of Equity Shares in multiples of [●] Equity Shares such that the Bid Amount exceeds ₹ 200,000	Such number of Equity Shares in multiples of [●] Equity Shares such that the Bid Amount exceeds ₹ 200,000	[●] Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Offer, subject to limits applicable to each Bidder	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Offer (excluding the QIB Portion), subject to limits applicable to Bidder	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹ 200,000
Mode of Allotment	Compulsorily in dematerialised form		

Particulars	QIBs <sup>(1)</sup>	Non-Institutional Bidders	RIBs
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Allotment Lot	A minimum of [●] Equity Shares and in multiples of one Equity Share thereafter		
Trading Lot	One Equity Share		
Who can apply <sup>(4)</sup>	Public financial institutions as specified in Section 2(72) of the Companies Act 2013, scheduled commercial banks, multilateral and bilateral development financial institutions, mutual funds registered with SEBI, FPIs other than individuals, corporate bodies and family offices, VCFs, AIFs, FVCIs registered with SEBI, state industrial development corporation, insurance company registered with IRDAI, provident fund with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million, National Investment Fund set up by the Government of India, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions, societies, family offices, trusts and FPIs who are individuals, corporate bodies and family offices for Equity Shares such that the Bid Amount exceeds ₹ 2,00,000 in value.	Resident Indian individuals, HUFs (in the name of Karta) and Eligible NRIs applying for Equity Shares such that the Bid amount does not exceed ₹ 2,00,000 in value.
Terms of Payment	<p><b>In case of Anchor Investors:</b> Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids<sup>(5)</sup></p> <p><b>In case of all other Bidders:</b> Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder, or by the Sponsor Bank through the UPI Mechanism, that is specified in the ASBA Form at the time of submission of the ASBA Form</p>		

\* Assuming full subscription in the Offer

- (1) Our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers may allocate up to 60% of the QIB Category to Anchor Investors at the Anchor Investor Offer Price, on a discretionary basis, subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹ 100 million, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million under the Anchor Investor Portion, subject to a minimum Allotment of ₹ 50 million per Anchor Investor, and (iii) in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million or part thereof will be permitted, subject to minimum allotment of ₹ 50 million per Anchor Investor. An Anchor Investor will make a minimum Bid of such number of Equity Shares, that the Bid Amount is at least ₹ 100 million. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds, subject to valid Bids being received at or above the price at which allocation is made to Anchor Investors.
- (2) Subject to valid Bids being received at or above the Offer Price. This is an Offer in terms of Rule 19(2)(b) of the SCRR and Regulation 6(2) of the SEBI ICDR Regulations.
- (3) Anchor Investors are not permitted to use the ASBA process.
- (4) In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.
- (5) Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price shall be payable by the Anchor Investor Pay-In Date as indicated in the CAN.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

Subject to valid Bids being received at or above the Offer Price, undersubscription, if any, in any category except the QIB Portion, would be met with spill-over from the other categories or a combination of categories at the discretion of our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers, and the Designated Stock Exchange. For further details, see the “Terms of the Offer” beginning on page 421.

## OFFER PROCEDURE

*All Bidders should read the General Information Document, which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document is available on the websites of the Stock Exchanges and the Book Running Lead Managers. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer especially in relation to the process for Bids by RIBs through the UPI Mechanism. The investors should note that the details and process provided in the General Information Document should be read along with this section.*

*Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Issue; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment instructions for ASBA Bidders; (v) issuance of Confirmation of Allocation Note (“CAN”) and Allotment in the Issue; (vi) price discovery and allocation; (vii) general instructions (limited to instructions for completing the Bid cum Application Form); (viii) designated date; (ix) disposal of applications; (x) submission of Bid cum Application Form; (xi) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xii) applicable provisions of the Companies Act relating to punishment for fictitious applications; (xiii) mode of making refunds; and (xiv) interest in case of delay in Allotment or refund.*

*SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, has introduced an alternate payment mechanism using Unified Payments Interface (“UPI”) and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. (“UPI Phase I”). The UPI Phase I was effective till June 30, 2019.*

*With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), issued by SEBI, the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days will continue for a period of three months or launch of five main board public issues, whichever is later (“UPI Phase II”). Subsequently however, SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended the timeline for implementation of UPI Phase II till March 31, 2020. However, given the prevailing uncertainty due to the COVID-19 pandemic, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, has decided to continue with the UPI Phase II till further notice. The final reduced timeline of T+3 days for the UPI Mechanism for applications by RIBs (“UPI Phase III”) and modalities of the implementation of UPI Phase III maybe notified and made effective subsequently, as may be prescribed by SEBI. The Offer will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. This circular shall come into force for initial public offers opening on/or after May 1, 2021, except as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, and the provisions of this circular, are deemed to form part of this Red Herring Prospectus.*

*Our Company, the Selling Shareholder and the Book Running Lead Managers do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document, and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Red Herring Prospectus and the Prospectus.*

*Further, our Company, the Selling Shareholder and the members of the Syndicate are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in the Offer.*

### Book Building Procedure

The Offer is being made in terms of Rule 19(2)(b) of the SCRR through the Book Building Process in accordance with Regulation 6(2) of the SEBI ICDR Regulations, wherein not less than 75% of the Offer shall be allocated on a proportionate basis to QIBs. Our Company and the Selling Shareholder may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis in accordance with the SEBI ICDR Regulations, out of which one-third shall be available for allocation to domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. Further, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders other

than Anchor Investors, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not more than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 10% of the Offer shall be available for allocation to RIBs in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except in the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories, at the discretion of our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers, and the Designated Stock Exchange and subject to applicable laws.

The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

**Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms, which do not have the details of the Bidders' depository account, including DP ID, Client ID, UPI ID (in case of RIBs using the UPI Mechanism) and PAN, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.**

#### **Phased implementation of UPI for Bids by RIBs as per the UPI Circulars**

SEBI has issued UPI Circulars in relation to streamlining the process of public issue of equity shares and convertibles by introducing an alternate payment mechanism using UPI. Pursuant to the UPI Circulars, UPI has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under the ASBA) for applications by RIBs through intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced and implemented the UPI payment mechanism in three phases in the following manner:

- a) **Phase I:** This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended until June 30, 2019. Under this phase, a RIB also had the option to submit the ASBA Form with any of the intermediary and use his / her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing would continue to be six Working Days.
- b) **Phase II:** This phase has become applicable from July 1, 2019 and was to initially continue for a period of three months or floating of five main board public issues, whichever is later. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 has decided to extend the timeline for implementation of UPI Phase II until March 31, 2020. Under this phase, submission of the physical ASBA Form by a RIB through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and is replaced by the UPI payment mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase. Subsequently, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice.
- c) **Phase III:** The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing would be reduced to be three Working Days. Accordingly, upon commencement of Phase III, the reduced time duration shall be applicable for the Offer.

The Offer will be made under UPI Phase II of the UPI Circular, unless UPI Phase III of the UPI Circular becomes effective and applicable on or prior to the Bid/Offer Opening Date. If the Offer is made under UPI Phase III of the UPI Circular, the same will be advertised in all editions of Financial Express and all editions of Jansatta (which are widely circulated English daily newspapers and Hindi daily newspapers, Hindi also being the regional language of Haryana, where our Registered and Corporate Office is located), on or prior to the Bid/Offer Opening Date and such advertisement shall also be made available to the Stock Exchanges for the purpose of uploading on their websites.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI. The Company will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the RIBs using the UPI.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the Book Running Lead Managers.

#### **Bid cum Application Form**

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at the relevant Bidding Centres, and at our Registered Corporate Office. An electronic copy of the



Bid cum Application Form will also be available for download on the websites of NSE ([www.nseindia.com](http://www.nseindia.com)) and BSE ([www.bseindia.com](http://www.bseindia.com)) at least one day prior to the Bid / Offer Opening Date.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. ASBA Bidders must provide either (i) the bank account details and authorisation to block funds in their respective ASBA Form, or (ii) the UPI ID (in case of RIBs), as applicable, in the relevant space provided in the ASBA Form. The ASBA Forms that do not contain such details will be rejected. Applications made by the RIBs using third party bank account or using third party linked bank account UPI ID are liable for rejection. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. RIBs using UPI Mechanism, shall submit their ASBA Forms with Syndicate Members, Registered Brokers, RTA or Depository Participants. ASBA Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount which can be blocked by the SCSB. In order to ensure timely information to investors SCSBs are required to send SMS alerts to investors intimating them about the Bid Amounts blocked/unblocked.

For Anchor Investor, the Anchor Investor Application Form will be available at the offices of the Book Running Lead Managers.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form *
Resident Indians, including QIBs, Non-institutional Investors and Retail Individual Investors, each resident in India and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents including Eligible NRIs, their sub-accounts (other than sub-accounts which are foreign corporates or foreign individuals under the QIB Portion), FPIs or FVCIs registered multilateral and bilateral development financial institutions applying on a repatriation basis	Blue
Anchor Investors	White**

\* Excluding electronic Bid cum Application Form

\*\* Bid cum Application Forms for Anchor Investors will be made available at the office of the Book Running Lead Managers.

Electronic Bid cum Application forms will also be available for download on the website of NSE ([www.nseindia.com](http://www.nseindia.com)) and BSE ([www.bseindia.com](http://www.bseindia.com)).

The Designated Intermediaries (other than SCSBs) shall submit/deliver the Bid cum Application Form to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank. Further, SCSBs shall upload the relevant Bid details (including UPI ID in case of ASBA Forms under the UPI Mechanism) in the electronic bidding system of the Stock Exchanges. Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID/Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID/Client ID or PAN ID, bank code and location code in the Bid details already uploaded.

For RIBs using UPI mechanism, the Stock Exchanges shall share the bid details (including UPI ID) with Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. The Sponsor Bank shall initiate request for blocking of funds through NPCI to RIBs, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The NPCI shall maintain an audit trail for every bid entered in the Stock Exchanges bidding platform, and the liability to compensate RIBs (using the UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Bank, NPCI or the bankers to an issue) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Banks and the bankers to an issue. The Book Running Lead Managers shall also be required to obtain the audit trail from the Sponsor Banks and the Bankers to the Offer for analysing the same and fixing liability. For ensuring timely information to investors, SCSBs shall send SMS alerts as specified in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021.

### Electronic registration of Bids

a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the Issue.

b) On the Bid/Issue Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in this Red Herring Prospectus.

c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the next Working Day following the Bid/Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Issue Period after which the Stock Exchange(s) send the bid information to the Registrar to the Issue for further processing.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws in the United States. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to U.S. QIBs in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and (b) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**Participation by Promoters, members of their respective Promoter Groups, the Book Running Lead Managers, the Syndicate Members and persons related to Promoters/Promoter Groups/the Book Running Lead Managers**

The Book Running Lead Managers and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the Book Running Lead Managers and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis, and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the Book Running Lead Managers and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Except as stated below, neither the Book Running Lead Managers nor any associate of the Book Running Lead Managers can apply in the Offer under the Anchor Investor Portion:

- (i) mutual funds sponsored by entities which are associate of the Book Running Lead Managers;
- (ii) insurance companies promoted by entities which are associate of the Book Running Lead Managers;
- (iii) AIFs sponsored by the entities which are associate of the Book Running Lead Managers; or
- (iv) FPIs sponsored by the entities which are associate of the Book Running Lead Managers.

Further, the Promoters and members of their respective Promoter Groups shall not participate by applying for Equity Shares in the Offer. Further, persons related to the Promoters and their respective Promoter Groups shall not apply in the Offer under the Anchor Investor Portion. However, a qualified institutional buyer who has any of the following rights in relation to the Company shall be deemed to be a person related to the Promoters or Promoter Groups of our Company:

- (i) Rights under a shareholders' agreement or voting agreement entered into with the Promoters or Promoter Groups of our Company;
- (ii) veto rights; or
- (iii) right to appoint any nominee director on our Board.

Further, an Anchor Investor shall be deemed to be an "associate of the BRLM" if:

- (i) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or
- (ii) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or
- (iii) there is a common director, excluding nominee director, amongst the Anchor Investors and the Book Running Lead Managers.

## **Bids by Mutual Funds**

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers, reserve the right to reject any Bid without assigning any reason thereof, subject to applicable law.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which such Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its NAV in equity shares or equity-related instruments of any single company, provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

## **Bids by Eligible Non Resident Indians**

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Eligible NRI Bidders Bidding on a repatriation basis by using the Non-Resident Forms should authorize their SCSB (if they are Bidding directly through the SCSB) or confirm or accept the UPI Mandate Request (in case of RIBs Bidding through the UPI Mechanism) to block their Non-Resident External ("NRE") accounts, or Foreign Currency Non-Resident ("FCNR") Accounts, and eligible NRI Bidders Bidding on a non-repatriation basis by using Resident Forms should authorize their respective SCSBs (if they are Bidding directly through SCSB) or confirm or accept the UPI Mandate Request (in case of RIBs Bidding through the UPI Mechanism) to block their Non-Resident Ordinary ("NRO") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form. Participation of Eligible NRIs in the Offer shall be subject to the FEMA Rules.

NRIs will be permitted to apply in the Offer through Channel I or Channel II (as specified in the UPI Circular). Further, subject to applicable law, NRIs may use Channel IV (as specified in the UPI Circular) to apply in the Offer, provided the UPI facility is enabled for their NRE/ NRO accounts.

For details of restrictions on investment by NRIs, see "*Restrictions on Foreign Ownership of Indian Securities*" beginning on page 444.

Participation of Eligible NRIs in the Offer shall be subject to the FEMA Rules.

## **Bids by Hindu Undivided Families**

Bids by Hindu Undivided Families or HUFs should be made in the individual name of the *Karta*. The Bidder/applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals.

## **Bids by Foreign Portfolio Investors**

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our total paid-up Equity Share capital on a fully diluted basis. Further, in terms of the FEMA Rules, the total holding by each FPI shall be less than 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs could be up to 100%, being the sectoral cap, of the paid-up Equity Share capital of our Company on a fully diluted basis.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents (blue in colour).

In case the total holding of an FPI increases beyond 10% of the total paid-up Equity Share capital, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued

by our Company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements.

As specified in 4.1.4.2 (b)(i) and 4.1.4.2 (c)(iv) of the General Information Document, it is hereby clarified that bids received from FPIs bearing the same PAN shall be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the Operational Guidelines for Foreign Portfolio Investors and Designated Depository Participants issued to facilitate implementation of SEBI FPI Regulations (“**MIM Structure**”), provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure and indicate the name of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids are liable to be rejected. Further, in the following cases, the bids by FPIs will not be considered as multiple Bids: involving (i) the MIM Structure and indicating the name of their respective investment managers in such confirmation; (ii) offshore derivative instruments (“**ODI**”) which have obtained separate FPI registration for ODI and proprietary derivative investments; (iii) sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration; (iv) FPI registrations granted at investment strategy level/sub fund level where a collective investment scheme or fund has multiple investment strategies/sub-funds with identifiable differences and managed by a single investment manager; (v) multiple branches in different jurisdictions of foreign bank registered as FPIs; (vi) Government and Government related investors registered as Category 1 FPIs; and (vii) Entities registered as Collective Investment Scheme having multiple share classes.

With effect from the April 1, 2020, the aggregate limit shall be the sectoral caps applicable to the Indian company as prescribed in the FEMA Rules with respect to its paid-up equity capital on a fully diluted basis. While the aggregate limit as provided above could have been decreased by the concerned Indian companies to a lower threshold limit of 24% or 49% or 74% as deemed fit, with the approval of its board of directors and its shareholders through a resolution and a special resolution, respectively before March 31, 2020, our Company has not decreased such limit and accordingly the applicable limit with respect to our Company is 100%.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms; and (iv) such other conditions as may be specified by SEBI from time to time.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to *inter alia* the following conditions:

- (a) such offshore derivative instruments are transferred only to persons in accordance with Regulation 22(1) of the SEBI FPI Regulations; and
- (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

Participation of FPIs in the Offer shall be subject to the FEMA Rules.

### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, eligible FPIs, AIFs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 250 million and pension funds with a minimum corpus of ₹ 250 million (in each case, subject to applicable law and in accordance with their respective constitutional documents), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws, as applicable must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reasons thereof.

Our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form.

#### **Bids by SEBI registered Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors**

The SEBI FVCI Regulations, *inter alia*, prescribe the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs. Accordingly, the holding in any company by any individual VCF or FVCI registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.3% of the investible funds in various prescribed instruments, including in public offerings.

Category I AIFs and Category II AIFs cannot invest more than 25% of the investible funds in one investee company. A Category III AIF cannot invest more than 10% of the investible funds in one investee company. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Pursuant to the repeal of the SEBI VCF Regulations, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such fund shall not launch any new scheme after the notification of the SEBI AIF Regulations. Our Company, the Selling Shareholder, and the Book Running Lead Managers will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Participation of VCFs, AIFs or FVCIs in the Offer shall be subject to the FEMA Rules.

**All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.**

#### **Bids by Limited Liability Partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder in consultation with the Book Running Lead Managers reserve the right to reject any Bid without assigning any reason thereof.

#### **Bids by Banking Companies**

In case of Bids made by banking companies registered with the RBI, certified copies of (i) the certificate of registration issued by the RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers, reserve the right to reject any Bid without assigning any reason thereof, subject to applicable law.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended, (the "**Banking Regulation Act**"), and the Master Directions - Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended, is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the bank's own paid-up share capital and reserves, whichever is lower. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial services company cannot exceed 20% of the investee company's paid up share capital and reserves. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's interest on loans/investments made to a company. The bank is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to make (i) investment in excess of 30% of the paid-up share capital of the investee company, (ii) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and (iii) investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended.

#### **Bids by Self Certified Syndicate Banks**

SCSBs participating in the Offer are required to comply with the terms of the circulars bearing numbers CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013 dated September 13, 2012 and January 2, 2013, respectively, issued by SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

#### **Bids by Insurance Companies**

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder in consultation with the Book Running Lead Managers reserve the right to reject any Bid without assigning any reason thereof, subject to applicable law.

The exposure norms for insurers are prescribed under the IRDAI Investment Regulations, based on investments in the equity shares of a company, the entire group of the investee company and the industry sector in which the investee company operates. Insurance companies participating in the Offer are advised to refer to the IRDAI Investment Regulations for specific investment limits applicable to them and shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

#### **Bids by Provident Funds/Pension Funds**

In case of Bids made by provident funds/pension funds with minimum corpus of ₹ 250 million, subject to applicable law, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder in consultation with the Book Running Lead Managers reserve the right to reject any Bid, without assigning any reason thereof.

#### **Bids by Systemically Important Non-Banking Financial Companies**

In case of Bids made by Systemically Important NBFCs registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis, (iii) a net worth certificate from its statutory auditor, and (iv) such other approval as may be required by the Systemically Important NBFCs, are required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers, reserves the right to reject any Bid without assigning any reason thereof, subject to applicable law. Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

#### **Bids by Anchor Investors**

- (a) In accordance with the SEBI ICDR Regulations, in addition to details and conditions mentioned in this section the key terms for participation by Anchor Investors are provided below. Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs.
- (b) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 100 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 100 million.
- (c) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.
- (d) Bidding for Anchor Investors will open one Working Day before the Bid/Offer Opening Date, and will be completed on the same day.
- (e) Our Company and the Selling Shareholder, in consultation with the BRLMs may finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:
  - maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 100 million;
  - minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million, subject to a minimum Allotment of ₹ 50 million per Anchor Investor; and
  - in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million, subject to minimum Allotment of ₹ 50 million per Anchor Investor.
- (f) Allocation to Anchor Investors will be completed on the Anchor Investor Bid/Offer Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, will be made available in the public domain by the BRLMs before the Bid/Offer Opening Date, through intimation to the Stock Exchanges.
- (g) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

- (h) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Offer Price will be payable by the Anchor Investors on the Anchor Investor pay-in date specified in the CAN. If the Offer Price is lower than the Anchor Investor Offer Price, Allotment to successful Anchor Investors will be at the higher price.
- (i) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.
- (j) Neither the BRLMs nor any associate of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs, other than individuals, corporate bodies and family offices sponsored by the entities which are associate of the and BRLMs) shall apply in the Offer under the Anchor Investor Portion.
- (k) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.

**The information set out above is given for the benefit of the Bidders. Our Company, the Selling Shareholder, and the Book Running Lead Managers are not liable for any amendments or modification or changes to applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulations, or as specified in this Red Herring Prospectus or as will be specified in the Prospectus.**

### **General Instructions**

Please note that QIBs and Non-Institutional Bidders are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. RIBs can revise their Bid(s) during the Bid/Offer Period and withdraw or lower the size of their Bid(s) until Bid/Offer Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bid/Offer Period.

### ***Do's:***

1. Check if you are eligible to apply as per the terms of the this Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
4. Ensure that you (other than the Anchor Investors) have mentioned the correct details of ASBA Account (i.e. bank account number or UPI ID, as applicable) in the Bid cum Application Form if you are not an RIB bidding using the UPI Mechanism in the Bid cum Application Form and if you are an RIB using the UPI Mechanism ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle) in the Bid cum Application Form;
5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the relevant Bidding Centre (except in case of electronic Bids) within the prescribed time. Bidders (other than Anchor Investors) shall submit the Bid cum Application Form in the manner set out in the General Information Document;
6. RIBs Bidding in the Offer shall ensure that they use only their own ASBA Account or only their own bank account linked UPI ID (only for RIBs using the UPI Mechanism) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;
7. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to the relevant Designated Intermediaries;
8. Ensure that the signature of the first Bidder in case of joint Bids, is included in the Bid cum Application Forms. If the first Bidder is not the ASBA Account holder, ensure that the Bid cum Application Form is also signed by the ASBA Account holder;
9. Ensure that the names given in the Bid cum Application Form is/are exactly the same as the names in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain the name of only the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;

10. Ensure that you request for and receive a stamped acknowledgement in the form of a counterfoil or acknowledgment specifying the application number as a proof of having accepted the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;
11. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
12. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the circular no. MRD/DoP/Cir-20/2008 dated June 30, 2008 issued by SEBI, may be exempt from specifying their PAN for transacting in the securities market, (ii) Bids by persons resident in the state of Sikkim, who, in terms of the circular dated July 20, 2006 issued by SEBI, may be exempted from specifying their PAN for transacting in the securities market, and (iii) persons/entities exempt from holding a PAN under applicable law, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficial owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
13. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
14. Ensure that the category and the investor status is indicated in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;
15. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents including a copy of the power of attorney, if applicable, are submitted;
16. Ensure that Bids submitted by any person outside India is in compliance with applicable foreign and Indian laws;
17. However, Bids received from FPIs bearing the same PAN shall not be treated as multiple Bids in the event such FPIs utilise the MIM Structure and such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs;
18. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected;
19. Since the Allotment will be in dematerialised form only, ensure that the depository account is active, the correct DP ID, Client ID, UPI ID (for RIBs bidding through UPI mechanism) and the PAN are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, UPI ID (for RIBs bidding through UPI mechanism) and the PAN entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, UPI ID (for RIBs bidding through UPI mechanism) and PAN available in the depository database;
20. In case of QIBs and NIBs, ensure that while Bidding through a Designated Intermediary, the ASBA Form is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in>);
21. Ensure that you have correctly signed the authorisation / undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or the Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid. In case of RIBs submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request, including in case of any revision of Bids, raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;
22. Ensure that the Demographic Details are updated, true and correct in all respects;
23. The ASBA Bidders shall use only their own bank account or only their own bank account linked UPI ID for the purposes of making Application in the Offer, which is UPI 2.0 certified by NPCI;



24. Bidders (except RIBs Bidding through the UPI Mechanism) should instruct their respective banks to release the funds blocked in the ASBA account under the ASBA process. In case of RIBs, once the Sponsor Bank issues the Mandate Request, the RIBs would be required to proceed to authorize the blocking of funds by confirming or accepting the UPI Mandate Request to authorize the blocking of funds equivalent to application amount and subsequent debit of funds in case of Allotment, in a timely manner;
25. Bidding through UPI Mechanism shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorize the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, a RIB Bidding through UPI Mechanism shall be deemed to have verified the attachment containing the application details of the RIB Bidding through UPI Mechanism in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank issue a request to block the Bid Amount specified in the Bid cum Application Form in his/her ASBA Account;
26. RIBs bidding using the UPI Mechanism should mention valid UPI ID of only the Bidder (in case of single account) and of the first Bidder (in case of joint account) in the Bid cum Application Form;
27. RIBs using the UPI Mechanism who have revised their Bids subsequent to making the initial Bid should also approve the revised UPI Mandate Request generated by the Sponsor Bank to authorize blocking of funds equivalent to the revised Bid Amount and subsequent debit of funds in case of Allotment in a timely manner;
28. Bids by Eligible NRIs for a Bid Amount of less than ₹ 200,000 would be considered under the Retail Category for the purposes of allocation and Bids for a Bid Amount exceeding ₹ 200,000 would be considered under the Non-Institutional Category for allocation in the Offer;
29. Ensure that Anchor Investors submit their Bid cum Application Forms only to the Book Running Lead Managers;
30. RIBs using UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. RIBs shall ensure that the name of the app and the UPI handle which is used for making the application appears in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/COR/P/2019/85 dated July 26, 2019; and
31. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Bid/ Offer Closing Date.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 is liable to be rejected.

**Don'ts:**

1. Do not Bid for lower than the minimum Bid Lot;
2. Do not submit a Bid using UPI ID, if you are not a RIB;
3. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by RIBs);
4. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediary;
5. Do not Bid/ revise the Bid amount to less than the floor price or higher than the cap price;
6. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;
7. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
8. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
9. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
10. Do not submit the Bid for an amount more than funds available in your ASBA account;
11. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
12. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

13. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
14. Do not fill up the Bid cum Application Form such that the Bids for Equity Shares for exceeds the Offer size and / or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of this Red Herring Prospectus;
15. Do not Bid for Equity Shares more than specified by respective Stock Exchanges for each category;
16. In case of ASBA Bidders (other than RIBs using UPI mechanism), do not submit more than one Bid cum Application Form per ASBA Account;
17. Do not make the Bid cum Application Form using third party bank account or using third party linked bank account UPI ID;
18. Anchor Investors should not bid through the ASBA process;
19. Do not submit the Bid cum Application Form to any non-SCSB bank or our Company;
20. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;
21. Do not submit the General Index Register (GIR) number instead of the PAN;
22. Anchor Investors should submit Anchor Investor Application Form only to the Book Running Lead Managers;
23. Do not Bid on a Bid cum Application Form that does not have the stamp of a Designated Intermediary;
24. If you are a QIB, do not submit your Bid after 3 p.m. on the QIB Bid / Offer Closing Date;
25. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder;
26. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;
27. Do not submit Bids to a Designated Intermediary at a location other than at the relevant Bidding Centres. If you are RIB and are using UPI mechanism, do not submit the ASBA Form directly with SCSBs;
28. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID details if you are a RIB Bidding through the UPI Mechanism. Further, do not provide details for a beneficiary account which is suspended or for which details cannot be verified to the Registrar to the Offer;
29. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA account;
30. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by RIBs using the UPI Mechanism;
31. Do not Bid if you are an OCB;
32. RIBs Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB or a banks which is not mentioned in the list provided in the SEBI website is liable to be rejected; and
33. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs Bidding using the UPI Mechanism.

**The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.**

#### **Grounds for Technical Rejection**

In addition to the grounds for rejection of Bids on technical grounds as provided in the GID, Bidders are requested to note that Bids maybe rejected on the following additional technical grounds:

1. Bids submitted without instruction to the SCSBs to block the entire Bid Amount;

2. Bids which do not contain details of the Bid Amount and the bank account details in the ASBA Form;
3. Bids submitted on a plain paper;
4. Bids submitted by RIBs using the UPI Mechanism through an SCSBs and/or using a mobile application or UPI handle, not listed on the website of SEBI;
5. Bids under the UPI Mechanism submitted by RIBs using third party bank accounts or using a third party linked bank account UPI ID (subject to availability of information regarding third party account from Sponsor Bank);
6. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;
7. Bids submitted without the signature of the First Bidder or sole Bidder;
8. The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;
9. ASBA Form by the RIBs by using third party bank accounts or using third party linked bank account UPI IDs;
10. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are “suspended for credit” in terms of SEBI circular CIR/MRD/DP/ 22 /2010 dated July 29, 2010;
11. GIR number furnished instead of PAN;
12. Bids by RIBs with Bid Amount of a value of more than ₹200,000 (net of retail discount);
13. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;
14. Bids accompanied by stock invest, money order, postal order or cash; and
15. Bids uploaded by QIBs after 4.00 pm on the QIB Bid/ Offer Closing Date and by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid/ Offer Closing Date, and Bids by RIBs uploaded after 5.00 p.m. on the Bid/ Offer Closing Date, unless extended by the Stock Exchanges.

Further, in case of any pre-issue or post issue related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out the Company Secretary and Compliance Officer. For details of the Company Secretary and Compliance Officer, see “*General Information*” beginning on page 68.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The Book Running Lead Managers shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Further, Investors shall be entitled to compensation in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 in case of delays in resolving investor grievances in relation to blocking/unblocking of funds. For the avoidance of doubt, the provisions of the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 shall be deemed to be incorporated in the deemed agreement of the Company with the SCSBs to the extent applicable.

For helpline details of the BRLMs, the Registrar and the Sponsor Bank to the Offer as required by SEBI , see “*General Information*” on page 68.

#### **Names of entities responsible for finalising the basis of allotment in a fair and proper manner**

The authorised employees of the Stock Exchanges, along with the Book Running Lead Managers and the Registrar, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

#### **Method of allotment as may be prescribed by SEBI from time to time**

Our Company will not make any allotment in excess of the Equity Shares offered through the Offer through the offer document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than 1% of the Net Offer to public may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the RIBs and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each RIB shall not be less than the minimum bid lot, subject to the availability of shares in RIB category, and the remaining available shares, if any, shall be allotted on a proportionate basis.

#### **Payment into Anchor Investor Escrow Accounts**

Our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which, the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Anchor Investor Escrow Account should be drawn in favour of:

- (a) In case of resident Anchor Investors: “Sona BLW Precision Forgings Limited – IPO ANCHOR ESCROW ACCOUNT - R”
- (b) In case of Non-Resident Anchor Investors: “Sona BLW Precision Forgings Limited – IPO ANCHOR ESCROW ACCOUNT - NR ”

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholder, the Syndicate, the Escrow Collection Banks and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

#### **Pre-Offer Advertisement**

Subject to Section 30 of the Companies Act, our Company shall, after filing this Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed under the SEBI ICDR Regulations, in all editions of Financial Express and all editions of Jansatta (which are widely circulated English daily newspapers and Hindi daily newspapers, Hindi also being the regional language of Haryana, where our Registered and Corporate Office is located).

In the pre-Offer advertisement, we shall state the Bid/Offer Opening Date and the Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

#### **Allotment Advertisement**

Our Company, the Book Running Lead Managers and the Registrar shall publish an allotment advertisement before commencement of trading, disclosing the date of commencement of trading in all editions of Financial Express and all editions of Jansatta (which are widely circulated English daily newspapers and Hindi daily newspapers, Hindi also being the regional language of Haryana, where our Registered and Corporate Office is located).

**The information set out above is given for the benefit of the Bidders/applicants. Our Company, the Selling Shareholder, and the Book Running Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Bids for Equity Shares do not exceed the prescribed limits under applicable laws or regulations.**

#### **Signing of the Underwriting Agreement and Filing with the RoC**

- (a) Our Company, the Selling Shareholder and the Underwriters intend to enter into an Underwriting Agreement after the finalisation of the Offer Price.
- (b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which would then be termed as the Prospectus. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, the Offer size, and underwriting arrangements and will be complete in all material respects.

#### **Impersonation**

**Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, which is reproduced below:**

***“Any person who:***

- (a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

*shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act, for fraud involving an amount of at least ₹ 1 million or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹ 1 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹ 5 million or with both.

### **Undertakings by our Company**

Our Company undertakes the following:

- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within six working days of the Bid/Offer Closing Date or within such other time period prescribed by SEBI will be taken;
- the funds required for making refunds/unblocking (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- if Allotment is not made within six working days from the Bid/Offer Closing Date or such other prescribed timelines under applicable laws, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable laws. If there is a delay beyond such prescribed time, our Company shall pay interest prescribed under the Companies Act, the SEBI ICDR Regulations and other applicable laws for the delayed period;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within time prescribed under applicable laws, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- that if the Offer is withdrawn after the Bid/Offer Closing Date, our Company shall be required to file a fresh offer document with SEBI, in the event a decision is taken to proceed with the Offer subsequently;
- that our Company shall not have recourse to the Net Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received;
- except for the exercise of options vested pursuant to ESOP 2020, no further issue of the Equity Shares shall be made till the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are refunded/unblocked in the relevant ASBA Accounts on account of non-listing, under-subscription, etc.; and
- adequate arrangements shall be made to collect all Bid cum Application Forms from Bidders.

### **Undertakings by the Selling Shareholder**

The Selling Shareholder (Singapore VII Topco III Pte. Ltd.) undertakes, in relation to itself and its Offered Shares that:

- the Offered Shares have been held by it for a period of at least one year prior to the date of filing of the Draft Red Herring Prospectus with SEBI;
- it is the legal and beneficial owner of the Offered Shares, and that such Offered Shares shall be transferred in the Offer, free from encumbrances;
- it shall deposit the Equity Shares offered by it in the Offer in an escrow account opened with the Registrar to the Offer prior to the filing of this Red Herring Prospectus with the RoC;

- it shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to the Bidder for making a Bid in the Offer, and shall not make any payment, direct or indirect, in the nature of discounts, commission, allowance or otherwise to any person who makes a Bid in the Offer; and
- it shall not have recourse to the proceeds of the Offer for Sale until final approval for trading of the Equity Shares from the Stock Exchanges has been received.

The statements and undertakings provided above, in relation to the Selling Shareholder, are statements which are specifically confirmed or undertaken in relation to itself and the Offered Shares. All other statements or undertakings or both in this Red Herring Prospectus in relation to the Selling Shareholder, shall be statements made by our Company, even if the same relate to the Selling Shareholder.

#### **Utilisation of Net Proceeds**

The Company declares that:

- all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act;
- details of all monies utilized out of the Fresh Issue shall be disclosed, and continue to be disclosed till the time any part of the Net Proceeds remains unutilized, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized; and
- details of all unutilized monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the FDI Policy and FEMA and the circulars and notifications issued thereunder. The government bodies responsible for granting foreign investment approvals are the concerned ministries or departments of the Government of India and the RBI. Unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The DPIIT, issued the FDI Policy by way of circular bearing number DPIIT File Number 5(2)/2020-FDI Policy dated October 15, 2020, which with effect from October 15, 2020, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, the FDI Policy will be valid until the DPIIT issues an updated circular.

As per the FDI Policy, FDI of up to 100% foreign investment under the automatic route is currently permitted in the sector of “Manufacturing” subject to compliance with certain prescribed conditions. For details, see “*Key Regulations and Policies in India – Foreign Investment Regulations*” on page 198.

Subject to certain provisions, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country (“**Restricted Investors**”), will require prior approval of the Government, as prescribed in the FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made a similar amendment to the FEMA Rules. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank or fund in India. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar to the Offer in writing about such approval along with a copy thereof within the Offer Period.

As per the existing policy of the Government, OCBs cannot participate in the Offer.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws in the United States. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to U.S. QIBs in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and (b) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur .**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder, and the Book Running Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.**

## SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

*Capitalized terms used in this section have the meanings that have been given to such terms in the Articles of Association of our Company. The Articles of Association of our Company comprise of two parts, Part A and Part B, which parts shall, unless the context otherwise requires, co-exist with each other until the date of listing of the Equity Shares. In case of inconsistency, contradiction, conflict or overlap between Part A and Part B, the provisions of Part B shall, subject to applicable law, prevail and be applicable until the date of listing of the Equity Shares. Except for Article 7(2)(e) of Part B, all other articles of Part B shall automatically terminate and cease to have any force and effect from the date of listing of Equity Shares on the recognized Stock Exchanges in India pursuant to the Offer and the provision of Part A shall continue to be in effect and be in force without any further action, including any corporate or other action, by our Company or by our Shareholders.*

*Pursuant to Schedule I of the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below:*

### Part A

#### Authorised Share Capital

Article 2.1 provides that the authorized share capital of the Company shall be such as given in Clause V of the Memorandum of Association of the Company.

#### Lien

Article 5.1 provides that the Company shall have a first and paramount lien: (a) on every share/ debenture (not being a fully paid share/ debenture), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share/ debenture; and (b) on all shares/ debentures (not being fully paid shares/ debentures) standing registered in the name of a member, for all monies presently payable by him or his estate to the Company:

Provided that the fully paid up shares/ debentures will be free from all lien and in respect of any partly paid shares/ debentures of our Company, the lien, if any, shall be restricted to monies called or payable at a fixed time in respect of such shares/ debentures.

Provided that in respect of shares, no equitable interest shall be created except upon the footing and condition that the Articles will have full effect.

Provided that the Board of directors may at any time declare any share/ debenture to be wholly or in part exempt from the provisions of this clause. unless otherwise agreed, the registration of a transfer of shares/ debentures shall operate as a waiver of the Company's lien, if any, on such shares/ debentures.

The Company's lien, if any, on a share/ debenture shall extend to all dividends or interest, as the case may be, payable and bonuses declared from time to time in respect of such shares/ debentures.

Article 5.2 provides that the Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has a lien:

Provided that no sale shall be made: (a) unless a sum in respect of which the lien exists is presently payable; or (b) until the expiration of 14 after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or to the person entitled thereto by reason of his death or insolvency or otherwise.

To give effect to any such sale, the Board may authorise some person to transfer the Shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the Shares comprised in any such transfer. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings with reference to the sale.

The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the Shares before the sale, be paid to the person entitled to the Shares at the date of the sale.

#### Calls on Shares

Article 6.1(i) provides that the Board may from time to time, make calls upon the members in respect of any monies unpaid on their Shares (whether on account of the nominal value of the Shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times.



Article 6.1(ii) provides that each member shall, subject to receiving at least 14 days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his Shares.

Article 6.1(iii) provides that a call may be revoked or postponed at the discretion of the Board. Article 6.2 provides that a call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by installments.

Article 6.3 provides that the joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

Article 6.4(i) provides that if a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine.

Article 6.4(ii) provides that the Board shall be at liberty to waive payment of any such interest wholly or in part.

Article 6.5(i) provides that any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of the Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

Article 6.5(ii) provides that in case of non-payment of such sum, all the relevant provisions of the Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Article 6.6 provides that the Shareholders shall not be entitled to any voting rights in respect of the monies so paid by him until the same would but for such payment, become presently payable.

Article 6.7 provides that the Board, may, if it thinks fit, receive from any Shareholder willing to advance the same, all or any part of the monies uncalled and unpaid upon any Shares held by him beyond the sums actually called for; and upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, 12% per annum, as may be agreed upon between the Board and the Shareholder paying the sum in advance provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Board may at any time repay the amount so advanced. The Shareholders shall not be entitled to any voting rights in respect of the monies so paid by him until the same would, but for such payment, become presently payable.

### **Transfer of Shares**

Article 7(i) provides that the Company shall use a common form of transfer. The instrument of transfer shall be in writing and all provisions of the Companies Act and of any statutory modification thereof for the time being shall be duly complied within respect of all transfer of shares and the registration thereof.

Article 7(ii) provides that the instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and transferee.

Article 7(iii) provides that the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the Register of Members in respect thereof.

### **Transmission of Shares**

Article 8.1. provides that: (i) on the death of a Shareholder, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares; and (ii) Nothing in (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

Article 8.2(i) provides that any person becoming entitled to a share in consequence of the death or insolvency of a Shareholder may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either (i) to be registered himself as holder of the share; or (ii) to make such transfer of the share as the deceased or insolvent Shareholder could have made.

Article 8.2(ii) provides that the Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent Shareholder had transferred the share before his death or insolvency.

Article 8.3(i) provides that if the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

Article 8.3(ii) provides that if the person aforesaid shall elect to transfer the Share, he shall testify his election by executing a transfer of the Share.

Article 8.3(iii) provides that all the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfer of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the Shareholder had not occurred and the notice or transfer were a transfer signed by that Shareholder.

Article 8.4 provides that a person becoming entitled to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would have been entitled if he were the registered holder of the share, except that he shall not, before being registered as a Shareholder in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company. Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Share, and if the notice is not complied with within 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

### **Alteration of Capital**

Article 10.1 provides that subject to the provisions of the Companies Act, the Company may by ordinary resolution increase the share capital by such sum, to be divided into Shares of such amount as may be specified in the resolution.

Article 10.2(a) provides for consolidation and division all or any of its share capital into shares of larger amount than its existing shares;

Article 10.2(b) provides for conversion of all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

Article 10.2(c) provides for sub-division of its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;

Article 10.2(d) provides for cancellation of any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

Article 10.3 provides that where shares are converted into stock: (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit. Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose; (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage; (c) such of the regulations of the Company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.

Article 10.4 provides that the Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by applicable law: (a) its share capital; (b) any capital redemption reserve account; or (c) any share premium account.

### **Capitalisation of Profits**

Article 11.1(i) provides that the Company in general meeting, may, on recommendation of the Board resolve: (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution; and that such sum be accordingly set free for distribution; and (b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the Shareholders who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

Article 11.1(ii) provides the sum aforesaid shall not be paid in cash but shall be applied either in or towards: (a) paying up any amounts for the time being unpaid on shares held by such Shareholders respectively; (b) paying up in full, unissued share of the Company to be allotted and distributed, credited as fully paid up, to and amongst such Shareholders in the proportions aforesaid; (c) partly in the way specified in clause (a) and partly in that specified in sub clause (b); (d) a securities premium account and a capital redemption reserve account or any other permissible reserve account may be applied as permitted under the Companies Act in the paying up of unissued shares to be issued to Shareholders of the Company as fully paid bonus shares; and (e) the Board shall give effect to the resolution passed by the Company in pursuance of the Articles.

Article 11.2(i) provides that whenever such a resolution as aforesaid shall have been passed, the Board shall (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid Shares, if any; and (b) generally do all acts and things required to give effect thereto.

Article 11.2(ii) provides that the Board shall have power: (a) to make such provisions, by the issue of appropriate fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of Shares becoming distributable in fractions; and (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further Shares or other securities to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares.

Article 11.2(iii) provides that any agreement made under such authority shall be effective and binding on such Shareholders.

### **General Meetings**

Article 14.1. provides that an annual general meeting shall be held in each calendar year within six months following the end of the previous financial year of the Company. The Board shall issue the notice of annual general meeting together with the annual financial statement, auditors report and other annexures as required under the Companies Act to all Shareholders and others entitled to receive such notice at least 21 clear days before the annual general meeting is held to approve and adopt the audited financial statements.

Article 14.2 provides that all general meetings other than annual general meeting shall be called extraordinary general meetings.

Article 14.3 provides that the board may, whenever it thinks fit, call an extraordinary general meeting,

Article 14.4. provides that annual general meeting and extraordinary general meeting may be called after giving shorter notice as per the Companies Act.

Article 14.5 provides that if at any time Directors capable of acting who are sufficient in number to form a quorum are not within India, any Director or any two Shareholders of the Company may call an Extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

### **Board of Directors**

Article 19.1 provides that Unless otherwise determined by the Company in general meeting, the number of directors shall not be less than three and shall not be more than 15, and at least one Director shall be resident of India in the previous year. Provided that the Company may appoint more than 15 directors after passing a special resolution.

Article 19.2(i) provides that the remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

Article 19.2(ii) provides that in addition to the remuneration payable to them in pursuance of the Companies Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them: (a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the Company; or (b) in connection with the business of the Company.

Article 19.3 provides that the Board may pay all expenses incurred in getting up and registering the Company.

Article 19.4 provides that the Company may exercise the powers conferred on it by Section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that Section) make and vary such regulations as it may think fit respecting the keeping of any such register.

Article 19.5 provides that all cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

Article 19.6 provides that every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

Article 19.7 provides that: (a) subject to the provisions of Section 161 of the Companies Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, alternate director or a nominee director provided the number of the directors along with Directors appointed together shall not at any time exceed the maximum strength fixed for the Board by the Articles; and (b) an additional director shall hold office only up to the date of the next annual general meeting of

the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Companies Act.

### **Proceedings of the Board**

Article 21.1 provides that the Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit. A director may, and the manager or company secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

Article 21.2 provides that save as otherwise expressly provided in the Companies Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

Article 21.3 provides that the continuing directors may act notwithstanding any vacancy in the Board but, if and so long as their number is reduced below the quorum fixed by the Companies Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the Company, but for no other purpose.

Article 21.4 provides that the Board may elect a Chairperson of its meetings and determine the period for which he is to hold office. If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the directors present may choose one of their members to be Chairperson of the meeting.

Article 21.5 provides that the Board may, subject to the provisions of the Companies Act, delegate any of its powers to Committees consisting of such member or members of its body as it thinks fit. Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

Article 21.6 provides that a Committee may elect a Chairperson of its meetings. If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

Article 21.7 provides that a committee may meet and adjourn as it thinks fit. Questions arising at any meeting of a Committee shall be determined by a majority of votes of the members present.

Article 21.8 provides that all acts done in any meeting of the Board or of a Committee thereof or by any person acting as a director, shall notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid or that they or any of them were disqualified or that his or their appointment had terminated, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

Article 21.9 provides that save as otherwise expressly provided in the Companies Act, a resolution in writing, signed, whether manually or by secure electronic mode, by a majority of the members of the Board or of a Committee thereof, for the time being entitled to receive notice of a meeting of the Board or Committee, shall be valid and effective as if it had been passed at a meeting of the Board or Committee, duly convened and held.

### **Chairman, Company Secretary, Chief Executive Officer, Manager, and Chief Financial Officer**

Article 22.1 provides that subject to the provisions of the Companies Act, a company secretary, chief executive officer, manager, and chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary and chief financial officer so appointed may be removed by means of a resolution of the Board. A Director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

Article 22.2 provides that a provision of the Companies Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

### **Dividend and Reserve**

Article 23.1 provides that the Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

Article 23.2 provides that subject to the provisions of Section 123 of the Companies Act, the Board may from time to time pay to the Shareholders such interim dividends as appear to it to be justified by the profits of the Company.

Article 23.3 provides that the Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, thinks fit. The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

Article 23.4 provides that subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares. No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

Article 23.5 provides that the Board may deduct from any dividend payable to any Shareholder all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

Article 23.6 provides that any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the Register of Members, or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

Article 23.7 provides that any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

Article 23.8 provides that the notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Companies Act.

Article 23.9 provides that where a dividend has been declared by the Company but which has not been paid or claimed within 30 days from the date of the declaration to any shareholder entitled to the payment of the dividend, the Company shall, within seven days from the date of expiry of the said period of 30 days, transfer the total amount of dividend which remains unpaid or unclaimed to a special account to be opened by the Company in that behalf in any scheduled bank to be called the "Unpaid Dividend Account"..

Article 23.10 provides that the any money transferred to the "Unpaid Dividend Account" of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company along with interest accrued, if any, thereon to the Investor Education and Protection Fund established under sub-section (1) of Section 125 of the Companies Act.

Article 23.11 provides that no unclaimed or unpaid dividend shall be forfeited by the Board before it becomes barred by Applicable Law.

Article 23.12 provides that no dividend shall bear interest against the Company.

## **Winding up**

Article 25.1 provides that subject to the provisions of Chapter XX of the Companies Act and the Rules made thereunder:

- (a) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
- (b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Shareholders or different classes of Shareholders.
- (c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any Shares or other securities whereon there is any liability.

## Indemnity

Article 26.1 provides that every officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings relating to acts or omission by or on behalf of the Company, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the tribunal.

## U.S Taxes

Article 29.2(a) provides for Tax reporting regimes indicating that each Shareholder shall upon request (and at the cost of Company), provide to Company information and such documentation on it and its direct and indirect owners as required for the Company to meet any applicable tax reporting or compliance requirements, including sections 1471 through 1474 of IRC and any U.S. Treasury Regulations, instructions, forms, or other guidance issued pursuant thereto, an agreements which have been entered into pursuant to section 1471(b)(1) of IRC, any intergovernmental agreement entered in relation to such sections of IRC, any law executing any such intergovernmental agreements and any legislation or regime which implements or implements rules similar to the Organisation for Economic Co-operation and Development's Common Reporting Standard.

Article 29.2(b) provides for tax advances indicating that to the extent as is mentioned in law, the Company is required to withhold or to make tax payments (includes any interest and penalties thereon) on behalf of or with respect to any members ("Tax Advances"), the Company may retain such amounts and make such tax payments as so required. All Tax Advances made for the members on whose behalf of member shall, at the option of Company (i) the Company will be paid promptly by the members on whose behalf such Tax Advances were made or (ii) be repaid by reducing the amount of current or next succeeding distribution or distributions which otherwise is made to such members or, if such distributions are not enough for that purpose, by so reducing the proceeds of liquidation otherwise payable to such members. Whenever the Company selects the option set forth in clause (ii) of the immediately preceding sentence for repayment of a Tax Advance by a member, for all other purposes of the Articles such member shall be treated as having received all distributions unreduced by the amount of such Tax Advance. Each Shareholder hereby agrees to indemnify and hold harmless the Company and any member or officer thereof from and against any liability with respect to Tax Advances required on behalf of or with respect to such member. The obligations of a member set forth in this Article 28.2 shall survive the withdrawal of any member from the Company or any transfer of a member's interest.

Article 29.3(c) provides that the Company shall offer to the members such information as the members may reasonably request at any time or from time to time in order to permit the members (i) to find out whether the Company has been a "passive foreign investment company" (a PFIC) or a "controlled foreign corporation" (a CFC) (as such terms are defined in the Code), (ii) to determine the consequences to the member (or their direct or indirect shareholders) of such status, and (iii) all such other information that is reasonably necessary for the members (or their direct or indirect shareholders) to duly complete and file its (or their) income tax returns and, if the Company is determined to be a PFIC, such information reasonably necessary to make or maintain any election available under the Code related to PFIC status. Information necessary to allow the members (or their direct or indirect shareholders) to make a "qualified electing fund" election with respect to the Company shall be provided to the members as soon as reasonably practicable after the end of each Financial Year and in no event later than the immediately succeeding March 1st following the end of each Financial Year of the Company for which it is determined that the Company is a PFIC.

Article 29.3(d) provides that the Company agrees not to make any election to be treated as anything other than a corporation for United States federal income Tax purposes without the prior consent of the Board.

Article 29.3(e) provides that the Company shall use its reasonable efforts to conduct its activities in a manner that makes it possible for the Company to benefit from the provisions of any tax treaty between India and the United States of America and any tax treaty between India and the Republic of Singapore.

## Part B

Part B of the Articles of Association of the Company provides for the rights and obligations of the parties to the SHA.

In case of inconsistency, contradiction, conflict or overlap between Part A and Part B, the provisions of Part B shall subject to applicable law, prevail and be applicable. However, except for Article 7(2)(e) of Part B, all other articles of Part B shall automatically terminate and cease to have any force and effect from the date of listing of Equity Shares of the Company on the recognized Stock Exchanges pursuant to the Offer and the provisions of Part A shall continue to be in effect and be in force without any further action, including any corporate or other action, by the Company or by its Shareholders.

Article 7.2(e) provides that the Company and Singapore Topco shall share the costs, fees and expenses relating to the Offer (except for the listing fees, which shall be borne by the Company) in accordance with applicable laws, in proportion to the number of Equity Shares issued and/or transferred by each of the Company and Singapore Topco in the Offer, respectively. Further, all interest borne, and expenses incurred by the Company on behalf of the Singapore Topco (if any) to the extent of the Equity Shares offered by Singapore Topco in the Offer, will be adjusted or reimbursed by Singapore Topco to the Company, in

accordance with applicable laws. Provided that Singapore Topco will not be liable for any costs, fees and expenses in relation to the Offer, in the event the Offer is withdrawn and/or not completed, including on account of a failure to receive listing or trading approvals and all such fees and expenses in such case shall be borne by the Company.

## **SECTION IX: OTHER INFORMATION**

### **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The copies of the following documents and contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material will be attached to the copy of this Red Herring Prospectus to be delivered to the RoC for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office between 10 a.m. and 5 p.m. IST on all Working Days from the date of this Red Herring Prospectus until the Bid/Offer Closing Date. Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

#### **A. Material Contracts for the Offer**

1. Offer Agreement dated February 23, 2021 among our Company, the Selling Shareholder, and the Book Running Lead Managers.
2. Registrar Agreement dated February 20, 2021 among our Company, the Selling Shareholder, and the Registrar to the Offer.
3. Escrow and Sponsor Bank Agreement dated June 3, 2021 among our Company, the Selling Shareholder, the Registrar to the Offer, the Book Running Lead Managers, and the Banker(s) to the Offer.
4. Share Escrow Agreement dated May 26, 2021 among our Company, the Selling Shareholder, and the Share Escrow Agent.
5. Syndicate Agreement dated June 3, 2021 among our Company, the Selling Shareholder, the Book Running Lead Managers, the Syndicate Members, and the Registrar to the Offer.
6. Underwriting Agreement dated [●] among our Company, the Selling Shareholder, and the Underwriters.
7. Monitoring Agency Agreement dated May 24, 2021 between our Company and the Monitoring Agency.

#### **B. Material Documents**

1. Certified copies of our Memorandum of Association and Articles of Association, as amended from time to time.
2. Certificate of incorporation dated October 27, 1995 issued by the RoC in the name of 'Sona Okegawa Precision Forgings Limited'.
3. Certificate of commencement of business dated November 16, 1995 issued by the RoC in the name of 'Sona Okegawa Precision Forgings Limited'.
4. Fresh certificate of incorporation dated July 23, 2013 issued by the RoC upon change in name of our Company from 'Sona Okegawa Precision Forgings Limited' to 'Sona BLW Precision Forgings Limited'.
5. Copy of the Scheme of Amalgamation.
6. Copies of annual reports of our Company for the Financial Years 2020, 2019, and 2018.
7. Resolutions of our Board of Directors dated January 27, 2021 and February 22, 2021 authorising the Offer and other related matters.
8. Resolution of the Shareholders of our Company dated January 30, 2021 authorising the Offer and other related matters.
9. Resolution of the board of directors of Singapore VII Topco III Pte. Ltd. dated February 11, 2021, authorising the Offer for Sale.
10. Consent letter dated February 22, 2021 read with the consent letter dated May 22, 2021 provided by Singapore VII Topco III Pte. Ltd., consenting to participate in the Offer for Sale.



11. Resolution of our Board of Directors dated February 22, 2021 approving the Draft Red Herring Prospectus.
12. Resolutions of our Board and IPO Committee dated June 3, 2021 and June 7, 2021, respectively, approving this Red Herring Prospectus for filing with the Registrar of Companies and subsequently with SEBI and the Stock Exchanges.
13. Consent letter from CRISIL Limited dated February 18, 2021 to rely on and reproduce part or whole of the CRISIL Industry Report and include their name in this Red Herring Prospectus.
14. Consent letter from Ricardo dated February 15, 2021 to rely on and reproduce part or whole of the Ricardo Industry Report and include their name in this Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act.
15. The statement dated May 21, 2021 of possible special tax benefits issued by our Statutory Auditors.
16. Consent letters dated May 18, 2021 and April 19, 2021, received from Vinay Kumar Wadhawan, Chartered Engineers and ELBI Consultancy (India) Private Limited, Chartered Engineers, to include their respective names as required under Section 26(5) of the Companies Act in this Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act.
17. Certificate dated June 3, 2021 issued by our Statutory Auditors certifying the details and outstanding balances of the loans to be repaid from the Net Proceeds.
18. Share subscription and share purchase agreement dated October 16, 2018 entered into by and among our Company, Sona Autocomp, Sunjay Kapur, JM Financial Trustee and BCP Topco VI Pte. Ltd.
19. Employment agreement dated November 25, 2019 entered into among our Company and our Managing Director and Group Chief Executive Officer, Vivek Vikram Singh.
20. Shareholders’ agreement dated October 16, 2018 entered into among our Company, Sona Autocomp, Sunjay Kapur and BCP Topco VI Pte. Ltd., read with the assignment agreement dated February 14, 2019 executed between BCP Topco VI Pte. Ltd. and Singapore VII Topco III Pte. Ltd. and the deed of adherence dated February 14, 2019, as amended by the amendment agreements dated February 22, 2021 and May 27, 2021 respectively.
21. Share purchase and shareholders’ agreement dated October 16, 2018 entered into between our Company, Sona Autocomp, Sunjay Kapur, Sona Holdings B.V., The Netherlands, Sona Autocomp Germany GmbH and Sona BLW Prazissionchmiede GmbH, read with the amendment agreement dated March 28, 2019.
22. Share purchase agreement dated October 16, 2018 entered into among our Company, Comstar Automotive, Comstar Automotive HK and Singapore VII Topco III Pte. Ltd., read with the amendment agreement dated July 2, 2019.
23. Brand ownership agreement dated March 28, 2019 executed between our Company, Sona Autocomp, Sunjay Kapur, Sona Management Services Limited and Sona Skill Development Centre Limited.
24. German brand ownership agreement dated March 28, 2019 executed between our Company, Sona Autocomp, Sona BLW Prazissionchmiede GmbH and Sunjay Kapur.
25. Examination report dated April 27, 2021 of our Statutory Auditors on the Restated Consolidated Financial Information, included in this Red Herring Prospectus.
26. Examination report dated April 27, 2021 of our Statutory Auditors on the Pro Forma Consolidated Financial Information, included in this Red Herring Prospectus.
27. Consents in writing of the Selling Shareholder, our Directors, our Company Secretary and Compliance Officer, Indian Legal Counsel to our Company, Indian Legal Counsel to the Book Running Lead Managers, International Legal Counsel to the Book Running Lead Managers, Bankers to our Company, the Book Running Lead Managers, independent chartered accountant, the Syndicate Member(s), the Banker(s) to the Offer and the Registrar to the Offer, to act in their respective capacities.
28. Consent letter dated May 21, 2021 from our Statutory Auditors, to include their name as required under section 26(5) of the Companies Act read with SEBI ICDR Regulations, in this Red Herring Prospectus and as an “expert” as defined under section 2(38) of the Companies Act to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report dated April 27, 2021 on our Restated Consolidated

Financial Information; (ii) examination report dated April 27, 2021 on the Pro Forma Consolidated Financial Information; and (iii) their statement dated May 21, 2021 on the possible special tax benefits in this Red Herring Prospectus and such consent has not been withdrawn as on the date of this Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

29. Consent letter dated May 4, 2021 from SCV & Co. LLP, Chartered Accountants, to include their name as required under section 26(5) of the Companies Act read with SEBI ICDR Regulations, in this Red Herring Prospectus and as an “expert” as defined under section 2(38) of the Companies Act in their capacity as the independent chartered accountants.
30. Board and Shareholders resolution each dated July 5, 2019 for approving the terms of appointment of our Managing Director and Group Chief Executive Officer, Vivek Vikram Singh.
31. Board and Shareholders resolution dated February 12, 2021 and February 22, 2021, respectively, for amending the terms of appointment of our Managing Director and Group Chief Executive Officer, Vivek Vikram Singh.
32. Report titled “Assessment of Indian Market Potential for Specific Precision Forged and Electrical Components” dated January 2021 issued by CRISIL and commissioned by our Company for an agreed fees.
33. Letter dated January 7, 2021 containing the fees, terms and conditions for appointment of CRISIL.
34. Report titled “Global and Indian Automotive Market Overview” dated February 15, 2021 issued by Ricardo and commissioned by our Company for an agreed fees.
35. Letter dated January 19, 2021 containing the fees, terms and conditions for appointment of Ricardo.
36. Employee Stock Option Plan 2020.
37. In-principle listing approvals dated March 10, 2021 and March 24, 2021 issued by BSE and NSE, respectively.
38. Tripartite agreement dated February 7, 2019 among our Company, CDSL and the Registrar to the Offer.
39. Tripartite agreement dated January 12, 2009 among our Company, NSDL and the Registrar to the Offer.
40. Due diligence certificate dated February 23, 2021 addressed from the Book Running Lead Managers to SEBI.
41. Email correspondence dated January 28, 2021, February 1, 2021, February 2, 2021, February 3, 2021, February 6, 2021, February 7, 2021, February 11, 2021 and February 12, 2021 between Sunjay Kapur and Superna Motwane requesting for the information and confirmation required under the SEBI ICDR Regulations for naming Superna Motwane and the entities / bodies corporate / firms / HUF in which Superna Motwane is interested, as promoter group for the purposes of the Offer.
42. Email correspondence dated January 28, 2021, February 3, 2021, February 7, 2021 and February 9, 2021 and February 22, 2021 between Sunjay Kapur and Mandira Koirala (now Mandhira Kapur) requesting for the information and confirmation required under the SEBI ICDR Regulations for naming Mandira Koirala (now Mandhira Kapur) and the entities / bodies corporate / firms / HUF in which Mandira Koirala (now Mandhira Kapur) is interested as promoter group for the purposes of the Offer.
43. Exemption application dated February 23, 2021 filed by our Company with SEBI seeking exemption from (a) disclosing Superna Motwane and Mandira Koirala (now Mandhira Kapur) and entities / bodies in which they have an interest as members of promoter group of our Company; and (b) identifying Sona Mandhira Private Limited as a group company.
44. SEBI letters bearing reference number SEBI/HO/CFD/DILII/RD/AK/OW/2021/6150/1 and SEBI/HO/CFD/DILII/RD/AK/OW/2021/6152/1, each dated March 16, 2021, granting exemption from (a) disclosing Superna Motwane and Mandira Koirala (now Mandhira Kapur) and entities / bodies in which they have an interest as members of promoter group of our Company; and (b) identifying Sona Mandhira Private Limited as a group company, for the purposes of the Offer.
45. Email dated May 31, 2021 sent by Mandira Koirala (now Mandhira Kapur) to SEBI and reply dated June 2, 2021 sent by Sunjay Kapur to Mandira Koirala (now Mandhira Kapur) and our Company.
46. Letter dated June 2, 2021 sent by our Company to Mandira Koirala (now Mandhira Kapur) and the BRLMs in response to the email dated May 31, 2021 sent by Mandira Koirala (now Mandhira Kapur) to SEBI.

47. Letter dated June 3, 2021 from the BRLMs to SEBI in relation to the email dated May 31, 2021 sent by Mandira Koirala (now Mandhira Kapur) to SEBI.
48. SEBI interim observation letter no. SEBI/HO/CFD/DIL2/RD/AB/OW/P/2021/6148/1 dated March 16, 2021 and SEBI final observation letter no. SEBI/HO/CFD/DIL2/P/OW/2021/10185/1 dated May 11, 2021.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to our Shareholders, subject to compliance with the provisions contained in the Companies Act and other relevant statutes.

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Red Herring Prospectus are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Sunjay Kapur**

*Chairman and Non-Executive Director*

Place: United Kingdom

Date: June 7, 2021

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Red Herring Prospectus are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Vivek Vikram Singh**

*Managing Director and Group Chief Executive Officer*

Place: Gurgaon

Date: June 7, 2021

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Red Herring Prospectus are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Amit Dixit**

*Non – Executive Director (Nominee)*

Place: Mumbai

Date: June 7, 2021

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Red Herring Prospectus are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Ganesh Mani**

*Non – Executive Director (Nominee)*

Place: Mumbai

Date: June 7, 2021

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Red Herring Prospectus are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Jeff M. Overly**

*Independent Director*

Place: United States of America

Date: June 7, 2021



## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Red Herring Prospectus are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Prasan Abhaykumar Firodia**  
*Independent Director*

Place: Pune

Date: June 7, 2021

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Red Herring Prospectus are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Shradha Suri**  
*Independent Director*

Place: New Delhi

Date: June 7, 2021

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Red Herring Prospectus are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Venkata Rama Subbu Behara (B V R Subbu)**

*Independent Director*

Place: New Delhi

Date: June 7, 2021

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Red Herring Prospectus are true and correct.

**SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY**

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**Rohit Nanda**  
*Chief Financial Officer*

Place: Gurgaon

Date: June 7, 2021

## **DECLARATION**

We, Singapore VII Topco III Pte. Ltd., hereby confirm that all statements, disclosures and undertakings specifically made by us in this Red Herring Prospectus in relation to ourselves, as a Selling Shareholder and our Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings including statements made or confirmed by or relating to the Company or any other person(s) in this Red Herring Prospectus.

**FOR AND ON BEHALF OF SINGAPORE VII TOPCO III PTE. LTD.**

### **Authorised Signatory**

Name: William Nicholson

Designation: Director

Place: Singapore

Date: June 7, 2021